

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 21850
[Redacted])	
Petitioner.)	DECISION
)	
_____)	

On November 7, 2008, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer) proposing additional income tax, penalty, and interest for the taxable year 2005 in the total amount of \$1,279.

On November 14, 2008, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer responded to the Commission’s hearing rights letter but did not provide anything further for the Commission to consider, nor did she request a hearing. She did inform the Commission that she is currently incarcerated with a 2011 release date, at the earliest. The Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information from [Redacted] that the taxpayer omitted income on her [Redacted] income tax return for 2005. The [Redacted] determined the income, Non-Employee Compensation, should have been reported on the taxpayer’s [Redacted] income tax return. The [Redacted] corrected the taxpayer’s [Redacted] return.

The Bureau reviewed the changes [Redacted] made and determined the taxpayer’s Idaho income tax return should be corrected as well. The Bureau adjusted the taxpayer’s 2005 Idaho income tax return and sent her an NODD. The taxpayer appealed the Bureau’s determination.

The taxpayer stated in her protest that she believed the non-employee compensation received in 2005 was included on her 2006 tax return.

The Bureau requested additional information [Redacted] to confirm the changes to the taxpayer's [Redacted] income tax return and to determine if in fact the additional income was included on the 2006 return. The [Redacted] information showed the taxpayer's [Redacted] taxable income for 2005 included the omitted income and that amount was not reported on the taxpayer's 2006 return. The information the Bureau received [Redacted] also showed that the [Redacted] assessed the taxpayer additional tax and collected that tax from the taxpayer.

The Bureau referred the matter for administrative review, and the Commission sent the taxpayer a letter that explained the methods available for redetermining a protested NODD. The taxpayer did not respond. The Commission sent a follow-up letter, which the taxpayer responded to but did not provide additional information. Therefore, the Commission decided the matter based upon the information available.

Idaho Code section 63-3002 states that it is the intent of the Idaho legislature insofar as possible to make the Idaho Income Tax Code identical to the Internal Revenue Code in the way taxable income is determined. Idaho Code section 63-3069 states, that upon a final determination of any deficiency or refund of federal taxes, written notice shall be immediately sent to the Commission by the taxpayer. IDAPA 35.01.01. Income Tax Administrative Rule 890.03 states that immediate written notification is required within 60 days of the final determination.

From the cited Idaho Code sections and the Administrative Rule, it is apparent the Idaho legislature intended any changes made to a taxpayer's [Redacted] return be reflected on the taxpayer's Idaho return. Therefore, it is the Commission's position the changes made to the taxpayer's [Redacted] return must be made to the taxpayer's state return. The taxpayer has not

provided the Commission with a contrary result to [Redacted] original redetermination. The taxpayer must be granted relief at the federal level before relief can be granted at the state level.

Therefore, the Tax Commission must uphold the Bureau's adjustment to the taxpayer's 2005 Idaho income tax return.

The Bureau added interest and penalty to the taxpayer's tax deficiency. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated November 7, 2008, is hereby APPROVED, AFFIRMED, and MADE FINAL.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$1,033	\$52	\$246	\$1,331

Interest is calculated through February 12, 2010.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayer's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2009.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2009, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.
