

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 19579
[Redacted]	)	
	)	DECISION
Petitioner.	)	
_____	)	

On June 14, 2006, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer) proposing income tax, penalty, and interest for taxable years 2001 through 2004 in the total amount of \$8,138.

On August 16, 2006, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not request a hearing but wanted to provide income tax returns for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information that the taxpayer may have had a filing requirement with the state of Idaho for taxable years 2001 through 2004. The Bureau searched the Tax Commission's records and found the taxpayer stopped filing Idaho individual income tax returns after filing her 2000 income tax return. The Bureau sent the taxpayer a letter asking about her requirement to file Idaho income tax returns for 2001 through 2004. The taxpayer responded that she was required to file income tax returns for those years and that she would be preparing them to submit to the Tax Commission.

The Bureau allowed the taxpayer time to provide her returns, but when nothing was received, the Bureau obtained information [Redacted], prepared returns for the taxpayer, and sent the taxpayer a Notice of Deficiency Determination. The taxpayer protested the Bureau's

determination of her Idaho tax liability. The taxpayer stated the filing status was wrong and that she would file her factual returns by September 15, 2006.

The Bureau allowed the taxpayer the time she requested to file her income tax returns. However, when the taxpayer failed to provide the needed returns, the Bureau forwarded the matter for administrative review.

The Tax Commission reviewed the matter and sent the taxpayer a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. The taxpayer contacted the Tax Commission and stated that she had been working on her returns but needed more time to get them completed. The Tax Commission remained in contact with the taxpayer over the next couple of years. During this time, the taxpayer submitted a payment for any tax she might owe and the returns for taxable years 2002, 2003, and 2004. She also filed all the current years' returns.

The Tax Commission reviewed the taxpayer's 2002, 2003, and 2004 Idaho income tax returns and decided there were entries on the returns that needed verification. The Tax Commission asked the taxpayer, and the taxpayer provided her documentation in support of the claimed deductions and expenses. An auditor of the Tax Commission reviewed the taxpayer's documentation and recommended changes to the taxpayer's returns. The auditor's changes were discussed with the taxpayer and she agreed to the changes. Therefore, the Tax Commission hereby accepts the taxpayer's 2002, 2003, and 2004 Idaho income tax returns as adjusted in lieu of the returns prepared by the Bureau.

As for taxable year 2001, the taxpayer stated that the [Redacted] had prepared a return for her for that year and, considering the time it would take her to prepare an actual return, she would accept the [Redacted] determination of taxable income. The Tax Commission reviewed

the [Redacted] determination and found that it was the same as the Bureau's determination except for the deduction of one-half the self-employment tax. Seeing that Idaho follows the federal determination of taxable income, subject to modifications in the Idaho law (Idaho Code section 63-3002), the Tax Commission finds that the Bureau's return for 2001 should be adjusted to agree with the taxpayer's 2001 federal income tax return.

The Bureau added interest and penalty to the taxpayer's Idaho tax. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046 for taxable years 2001, 2003, and 2004.

The taxpayer's 2002 return resulted in a refund to the taxpayer. However, Idaho Code section 63-3072 states that a claim for credit or refund must be made within three years of the due date of the return for a credit to be credited or a refund to be issued. The taxpayer's claim for refund for taxable year 2002 was submitted well beyond the three-year period of limitations; therefore, the Tax Commission cannot allow the refund claimed on the 2002 return.

WHEREFORE, the Notice of Deficiency Determination dated June 14, 2006, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest (computed to May 24, 2007):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2001	\$ 544	\$ 136	\$ 168	\$ 848
2002	0	0	0	0
2003	377	94	72	543
2004	263	66	31	<u>363</u>
			TOTAL DUE	\$1,754
			LESS PAYMENT	<u>(2,000)*</u>
			TOTAL REFUND	<u>\$ (246)</u>

\* The 2001 return was prepared as married filing separate, and the 2002 through 2004 returns were filed as married filing joint. Since the payment was made by this taxpayer, any excess payment is refunded to this taxpayer.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2010, 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.