

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 21604 |
| [Redacted]& [Redacted], |) | |
| |) | DECISION |
| Petitioners. |) | |
| _____ |) | |

On December 10, 2008, the Tax Discovery Bureau (TDB) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NOD) to [Redacted] (petitioners) proposing additional income tax, penalty, and interest for taxable year 2005 in the total amount of \$361.

A timely protest and petition for redetermination was filed by the petitioners. The petitioners have not requested a hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision affirming the NOD.

The petitioners were issued an NOD by the Commission [Redacted]. [Redacted] The TDB, therefore, issued an NOD based on that information and adjusted the petitioners' Idaho return. The Commission finds that the TDB correctly recomputed the petitioners' tax liability [Redacted].

In the petitioners' protest note received December 2, 2008, [Redacted] stated:

I disagree with your calculations. I sent a letter to ID tax comm last year and the IRS concerning this matter and have heard—NOT— one word about this matter until now. I am on disability and believe I am being over taxed. I will sent [sic] you, [Redacted], another copy of the documents.

The TDB sent the petitioners a letter dated December 10, 2008, which stated that the TDB would retain the petitioners' file while they awaited the information the petitioners had yet to provide. The TDB requested that the petitioners provide the information by February 11, 2009. If the petitioners' issues could not be resolved in the TDB, their file would be transferred to the

Commission's Legal/Tax Policy Division for further review.

On April 10, 2009, the TDB sent a letter to the petitioners that requested they either sign the letter to withdraw their protest or provide additional documentation to support their position. The tax enforcement specialist (TES) also stated that a review of the petitioners account on the [Redacted] website showed that the deficiency had been paid in full for taxable year 2005. The TES informed the petitioners that the [Redacted] did not show any sign of an amended federal return or any changes that canceled or reduced the amount of taxes due on their account for that year.

On April 17, 2009, the TDB received the following letter from the petitioners addressed to the IRS and dated March 5, 2007. The letter was redated to April 15, 2009. In the letter [Redacted] stated:

The intent of this letter is to address my disability benefits awarded me due to job-related injuries which I suffered [Redacted]. The injuries occurred in the year 2000.

In accordance with (Public Safety Officers' Benefits) Act 42 U.S.C. 3796, ET SEQ, I believe my benefits to be tax exempt.

I would like to verify this for Federal and State income tax purposes.

I am addressing this matter now after a delay, caused by a heart attack and the onset of prostate cancer.

Please notify me of your determination of my status in this matter.

On August 14, 2009, the tax policy specialist (policy specialist) sent the petitioners a letter to inform them of the alternatives for redetermining a protested NOD. A follow-up letter was sent to the petitioners on October 21, 2009. The petitioners did not respond to either letter.

Idaho Code § 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 § 63-3069 states that, upon a final determination of

any deficiency or refund of federal taxes, written notice shall be immediately sent to the State Tax Commission by a 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 federal return to be reflected on the taxpayer's Idaho return. Therefore, it is the Commission's position that the changes made to the taxpayer's federal return must be made to the taxpayer's state return.

The petitioners have the burden of proving the adjustments were incorrect. The petitioners would like the Commission to re-audit [Redacted]. The Commission's position is that the petitioners must be granted relief at the federal level before relief can be granted at the state level. The petitioners have failed to carry the burden in this matter.

Since the petitioners have not provided the Commission with a contrary result [Redacted], the Commission must uphold the deficiency as asserted.

WHEREFORE, the Notice of Deficiency Determination dated December 10, 2008, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that petitioners pay the following tax, penalty, and interest:

| <u>YEAR</u> | <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|----------------|-----------------|--------------|
| 2005 | \$291 | \$15 | \$51 | \$357 |
| | | | PAYMENT | <u>(357)</u> |
| | | | TOTAL DUE | <u>\$0</u> |

Interest is calculated through December 2, 2008.

The taxpayers have paid the total amount asserted on the Notice of Deficiency Determination; and therefore, no further demand for payment is made.

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

DATED this ____ day of _____ 2010.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this ____ day of _____ 2010, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.
