

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 22327
[Redacted],)	
)	
Petitioners.)	DECISION
)	
_____)	

On August 20, 2009, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted](taxpayers) proposing additional income tax, penalty, and interest for taxable year 2006 in the total amount of \$5,598.

On September 10, 2009, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Commission’s hearing rights letter and have provided nothing further for the Commission to consider. The Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information [Redacted]. [Redacted]

[Redacted]. The Bureau adjusted the taxpayers’ 2006 Idaho income tax return and sent them an NODD. The taxpayers appealed the Bureau’s determination.

In their protest letter, the taxpayers stated they did not think they made any security transactions amounting to the total of the adjustment [Redacted]. Their protest letter also included a copy of a letter from [Redacted] employer that acknowledged the exercising of some stock options, but it did not include enough information for the Bureau to modify the NODD.

[Redacted]The Bureau referred the matter for administrative review, and the Commission sent the taxpayers a letter that explained the methods available for redetermining an NODD. The taxpayers did not respond. The Commission sent a follow-up letter to the taxpayers

but still received no response from them. Therefore, the Commission decided the matter based upon the information available.

Idaho Code § 63-3002 states the intent of the Idaho Legislature regarding the Idaho Income Tax Act. It states that the Idaho Income Tax Act is to be identical to the Internal Revenue Code as it relates to the measurement of taxable income, insomuch as the taxable income reported to Idaho is the same as that reported to the IRS, subject to the modifications contained in the Idaho law. [Redacted] Since the taxpayers did not respond to either of the Commission's letters, the Commission has no additional information on which to make its decision. As previously stated, a change was made to the taxpayers' [Redacted] income. Idaho Code § 63-3002 states that Idaho taxable income is to be identical to [Redacted] taxable income. The taxpayers have not provided anything to show that their [Redacted] taxable income was reduced to the amount they reported on their Idaho income tax return. In Idaho, it is well established that a Commission deficiency notice is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). Therefore, the Commission must uphold the Bureau's adjustment to the taxpayers' 2006 Idaho income tax return.

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

WHEREFORE, the NODD dated August 20, 2009, is hereby APPROVED, AFFIRMED, and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$4,625	\$231	\$955	\$5,811

Interest is calculated through September 24, 2010.

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

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

DATED this _____ day of _____ 2010.

IDAHO STATE TAX COMMISSION

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.