

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 22310
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

[Redacted] (taxpayers) protested the Notice of Deficiency Determination issued by the staff of the Idaho State Tax Commission (Commission) dated August 7, 2009, asserting additional Idaho income tax, interest, and penalties for taxable years 2005, 2006, and 2007 in the total amount of \$4,544.

The issues in this case are whether the Commission had authority to determine there were deficiencies of tax for the taxable years at issue and whether the taxpayers were required to file Idaho income tax returns for those years.

BACKGROUND FACTS

The taxpayers were residents of Idaho during the years at issue and did not file Idaho income tax returns for taxable years 2005, 2006, and 2007. The taxpayers filed an Idaho resident tax return for taxable year 2004. The W-2 and 1099 forms relating to the years at issue in this case were issued to the taxpayers at an Idaho address. The W-2 forms also showed Idaho employers and reported Idaho income tax withholding.

Federal income tax information was used to determine the Idaho tax deficiencies for taxable years 2005, 2006, and 2007. The Commission computed the taxpayers' income tax liability based on income reported to [Redacted] for taxable years 2005, 2006, and 2007. The total income reported for taxable year 2005 was \$51,309. The total income reported for taxable year 2006 was \$32,497. The total income reported for taxable year 2007 was \$47,082.

The taxpayers protested the Notice of Deficiency Determination by faxing a handwritten statement to the Commission on October 7, 2009, stating “this is to dispute my letter of deficiency.” The statement further requested “additional time to secure or complete my taxes for the notice dated 08-01-09 [sic].” The Commission has not received any tax returns from the taxpayers.

After the taxpayers protested the Notice of Deficiency Determination, the Commission mailed a letter to the last known address informing them of their right to a hearing. The letter was returned to the Commission stamped “Return to Sender, Unable to Forward.” The Commission attempted to mail the letter to other addresses believed to be used recently by the taxpayers. All of these letters have been returned to the Commission stamped “Return to Sender, Unable to Forward.” The Commission has received nothing from the taxpayers since the faxed statement protesting the Notice of Deficiency Determination.

LAW AND ANALYSIS

Idaho Code section 63-3030 requires that every Idaho resident who is required to file a federal income tax return must also file an Idaho income tax return. Internal Revenue Code section 6012(a)(1) requires individuals to file an income tax return if their gross income is equal to or exceeds the amount set forth by the code. For a married couple, under 65 years old, filing jointly, that filing requirement amount was \$16,400 for 2005, \$16,900 for 2006, and \$17,500 for 2007.

The information gathered regarding the gross income of the taxpayers shows the taxpayers exceeded these amounts and, therefore, were required to file tax returns pursuant to Idaho Code section 63-3030.

The Commission is authorized to determine a deficiency of Idaho tax. Idaho Code section 63-3045(1)(a) states:

If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer.

Idaho Code section 63-3068(a) establishes a statute of limitations requiring a notice of deficiency to be “issued within three (3) years from either the due date of the return, without regard to extensions, or from the date the return was filed, whichever is later.” However, there is no statute of limitations when no return was filed. Idaho Code section 63-3068(d) states:

In the case of a failure to file a return, for any reason, a notice of deficiency may be issued, the tax imposed in this chapter may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time.

The Commission has the authority to determine deficiencies of Idaho tax for the taxpayers for taxable years 2005, 2006, and 2007.

CONCLUSION

WHEREFORE, the Notice of Deficiency Determination dated July 16, 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 (computed to April 12, 2011):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$1,640	\$410	\$482	\$2,532
2006	132	33	31	196
2007	1,451	363	234	<u>2,048</u>
			TOTAL DUE	<u>\$4,776</u>

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 _____ 2011.

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.
