

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 22649
[Redacted],	)	
	)	DECISION
Petitioners.	)	
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	)	

On December 30, 2009, the Income Tax Audit Division (ITA) 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 years 2005 and 2006 in the total amount of \$14,958.

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

In the petitioners' protest letter dated March 1, 2010, the petitioners stated:

I just wanted to inform you guys that our 2006 Taxes are still in review and we should be having them resolved within the next 7 weeks to 12 weeks: depending how fast the [Redacted] moves. If you have any questions please feel free to contact me at [Redacted] Thank you..[sic]

The ITA sent the petitioners a letter dated March 8, 2010. The auditor stated that he would retain the petitioners' file since the additional documentation to be provided to resolve the issue protested was not currently available. The ITA requested the petitioners provide the information by March 29, 2010. If the petitioners' issues could not be resolved in the ITA, then their file would be transferred to the Commission's Legal/Tax Policy Division for further review.

On July 2, 2010, 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 August 25, 2010. The petitioners did not respond to either letter.

On April 7, 2011, the petitioner's [Redacted] account transcripts for taxable years 2005 and 2006 showed the [Redacted] had not abated the additional tax assessed and amended returns had not been filed for either year.

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 [Redacted] 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 [Redacted] 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 [Redacted] 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 [Redacted] 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.

THEREFORE, the Notice of Deficiency Determination dated December 30, 2009, 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	\$1,130	\$ 57	\$ 352	\$ 1,539
2006	10,156	1,523	2,516	<u>14,195</u>
			TOTAL DUE	<u>\$15,734</u>

Interest is calculated through September 13, 2011.

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

DATED this \_\_\_\_ day of \_\_\_\_\_ 2011.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

### CERTIFICATE OF SERVICE

I hereby certify that I have on this \_\_\_\_ day of \_\_\_\_\_ 2011, 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.  
  
\_\_\_\_\_