

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 22656
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On December 4, 2009, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination to [Redacted] (taxpayers) proposing additional income tax, penalty, and interest for taxable year 2006 in the total amount of \$1,036.

On February 5, 2010, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not request a hearing 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 from [Redacted] that the taxpayers omitted income on their [Redacted] income tax return for taxable year 2006. The [Redacted] determined the income should have been reported and corrected the taxpayers' [Redacted] income tax return. The additional income was from the sale of various shares of stock.

The Bureau reviewed the changes [Redacted] made and determined the taxpayers' Idaho income tax return should be corrected as well. The Bureau adjusted the taxpayers' 2006 Idaho income tax return and sent them a Notice of Deficiency Determination. The taxpayers appealed the Bureau's determination.

The protest letter, sent by the taxpayers' representative, stated the taxpayers are disputing the adjustment made by [Redacted] and are awaiting a final resolution.

The Bureau requested additional information from [Redacted] to confirm the changes to the taxpayers' [Redacted] income tax return. The [Redacted] information shows the taxpayers' [Redacted] taxable income included the omitted income. The most current [Redacted] information also shows an amended [Redacted] return has not been filed and the taxpayers have paid in full the additional [Redacted] tax due.

The Bureau referred the matter for administrative review, and the Commission sent the taxpayers' representative a letter that explained the methods available for redetermining a protested Notice of Deficiency Determination. The representative contacted the Commission on April 20, 2010, and stated that additional information would be submitted for consideration within 30 days. However, no additional information has been received. A follow-up letter was also sent by the Commission with no response. Therefore, the Commission decided the matter based upon the information available.

Idaho Code section 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 section 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 the taxpayer. IDAPA 35.01.01.890.03 Income Tax Administrative Rule 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 be reflected on the taxpayer's Idaho return. Therefore, it is the Commission's position that the changes made to the taxpayers' [Redacted] return must be made to the taxpayers' state return.

The taxpayers' have not provided the Commission with a contrary result to the [Redacted] original redetermination. The taxpayers must be granted relief at the [Redacted] level before relief can be granted at the state level. 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 sections 63-3045 and 63-3046, respectively.

THEREFORE, the Notice of Deficiency Determination dated December 4, 2009, and directed to [Redacted] is hereby AFFIRMED.

IT IS ORDERED that the taxpayers pay the following amount of tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$847	\$42	\$212	\$1,101

Interest is calculated through October 3, 2011.

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 _____ 2011, 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.
