

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 22914
)
)
Petitioners.) DECISION
)
_____)

[Redacted] (taxpayers) protested the Notice of Deficiency Determination dated March 30, 2010, asserting income tax, penalty, and interest in the total amount of \$7,344 for taxable years 2007 and 2008. The taxpayers disagreed with the determination of their Idaho taxable income for each of the years. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

The taxpayers’ 2007 and 2008 Idaho income tax returns were examined as a follow-up to an examination of the taxpayers’ income tax filings for taxable years 1998 through 2005. The Tax Discovery Bureau (Bureau) reviewed the information available for taxable years 2007 and 2008 and issued a Notice of Deficiency Determination to the taxpayers. The taxpayers protested the Bureau’s determination citing similar arguments presented in the examination of their earlier taxable years. The Tax Commission was not persuaded by the taxpayers’ arguments for the earlier years, so the taxpayers continued their appeal to the Idaho Supreme Court. Prior to the Supreme Court hearing, the taxpayer changed their position and filed amended income tax returns for taxable years 2000 through 2009.

CONCLUSION

The Tax Commission reviewed the taxpayers’ 2007 and 2008 income tax returns and found that they portrayed the taxpayers’ taxable income better than the returns prepared by the

Bureau. Therefore, the Tax Commission accepts the taxpayers' 2007 and 2008 returns in lieu of the Bureau's returns, subject to the normal review processes of the Tax Commission.

The Bureau added interest and penalty to the taxpayers' Idaho income tax liability. The Tax Commission reviewed those additions and found them appropriate to the income tax returns the taxpayers provided. Therefore, the Tax Commission upholds the addition of interest and penalty as provided for in Idaho Code sections 63-3045 and 63-3046.

THEREFORE, the Notice of Deficiency Determination dated March 30, 2010, and directed to [Redacted] is AFFIRMED AS MODIFIED by this decision.

IT IS ORDERED 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>
2007	\$1,085	\$271	\$211	\$1,567
2008	2,788	697	363	<u>3,793</u>
			BALANCE DUE	<u>\$5,360</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 _____ 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.
