

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 22999
[Redacted])	
)	DECISION
Petitioners.)	
_____)	

On April 9, 2010, 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 year 2007 in the total amount of \$628.

A timely protest and petition for redetermination was filed by the petitioners' accountant (accountant). Neither the petitioners nor the accountant has requested a hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision modifying 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 June 11, 2010, the accountant stated that documentation was sent [Redacted] to show that the petitioners qualified to claim a personal exemption for their grandchildren. The accountant stated that the [Redacted] sent the petitioners a letter stating the case was still under review due to excessive workloads. The accountant requested additional time to allow the [Redacted] to make its determination. The accountant stated that amended returns would be filed after the [Redacted] finished its review.

The ITA sent the petitioners a letter dated June 14, 2010, which stated the ITA would retain the petitioners' file in the audit section. The ITA requested the petitioners provide a change of circumstances or additional information by July 9, 2010. If the petitioners' issues could not be resolved in the ITA, their file would be transferred to the Commission's Legal/Tax Policy Division for further review.

On August 13, 2010, the tax policy specialist (policy specialist) sent the accountant a letter to inform him of the alternatives for redetermining a protested NOD. The accountant responded several times by letter to show that the petitioners' case was still being reviewed by the [Redacted].

The [Redacted] transcripts printed June 14, 2011, showed that the [Redacted] restored one of the two personal exemptions that were disallowed in the federal audit.

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 federal 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 federal 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 federal 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 federal level before relief can be granted at the

state level.

Since the petitioners were granted a contrary result [Redacted], the Commission must uphold the deficiency as modified.

WHEREFORE, the Notice of Deficiency Determination dated April 9, 2010, as MODIFIED, 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>
2007	\$263	\$13	\$46	\$322

Interest is calculated through October 28, 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.
