

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 23353
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On July 15, 2010, the Income Tax Audit Division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers) proposing additional income tax, penalty, and interest for taxable year 2007 in the total amount of \$2,371.

On September 8, 2010, a timely protest and petition for redetermination was filed by the taxpayers' accountant. The taxpayers have not requested a hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision affirming the NODD.

The taxpayers were issued an NODD by the Commission pursuant to an Internal Revenue Service (IRS) redetermination of their income. The Commission received the [Redacted] audit from the [Redacted] showing that they had reduced or eliminated various itemized deductions claimed on both Schedule A and Schedule C and also made an adjustment to include other income. The Commission found that the auditor correctly recomputed the taxpayers' income tax liability pursuant to the [Redacted] redetermination.

The protest letter sent by the taxpayers' accountant stated the changes made by the [REDACTED] were a result of mistakes made by the taxpayers' previous accountant. He stated he had submitted a second return to the [REDACTED] for audit reconsideration in order to have the taxpayers' previously unsubstantiated expenses considered and, therefore, they are in disagreement with the Commission's Notice of Deficiency Determination.

To date, the taxpayers have not provided any documentation from [Redacted] that shows the [Redacted] NODD was changed. A review of [REDACTED] records indicates that the examination of the [Redacted] tax return has been closed. Additionally, in a phone conversation with the taxpayers' representative, he stated that the taxpayers had missed their appeal time with the [Redacted] and were considering abandoning their appeal with the Commission. However, to date, no withdrawal of the appeal has been received. The time has come for the Commission to decide this matter.

Idaho Code § 63-3002 states it is the intent of the Idaho legislature 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 the taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 states that immediate notification is 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 the taxpayers' [Redacted] return to be reflected on the taxpayers' 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.

Following Idaho Code, the adjustments should be made to the taxpayers' Idaho income tax return. The taxpayers carry the burden to prove the adjustments were incorrect. The Commission's position is that the taxpayers must be granted relief at the [Redacted] level before relief can be granted at the state level.

Since the taxpayers have not provided the Commission with a contrary result to the [Redacted] original redetermination, the Commission must uphold the deficiency as asserted.

THEREFORE, the Notice of Deficiency Determination dated July 15, 2010, is hereby APPROVED, AFFIRMED, and MADE FINAL.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$1,999	\$100	\$356	\$2,455

Interest is calculated through September 12, 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.
