

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 23615
[Redacted],)	
)	
Petitioner.)	DECISION
_____)	

On February 22, 2010, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer) proposing income tax, penalty, and interest for taxable years 2005 and 2006 in the total amount of \$1,629.

On March 22, 2010, the taxpayer filed a timely protest. He did not request a hearing. The Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Commission records show the taxpayer is an Idaho resident who appears to meet the Idaho individual income tax filing requirements. The Bureau attempted to contact the taxpayer for an explanation of why his 2005 and 2006 Idaho returns had not been filed, but he did not respond to the inquiry.

The Bureau requested and received a transcript of the taxpayer's [Redacted] income records from [Redacted]. The information was provided in accordance with Internal Revenue Code § 6103(d) and Idaho Code § 63-3077.

Idaho Code § 63-3045(1)(a) states in part:

63-3045. Notice of redetermination or deficiency - Interest. (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall

be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

The Bureau prepared the missing Idaho returns on behalf of the taxpayer and sent him an NODD. The NODD was based on information obtained from [Redacted] records retained by the Commission.

The taxpayer protested the Bureau's determination by submitting actual returns for taxable years 2005 and 2006. The Bureau reviewed the returns and determined not all income reported under the taxpayer's social security number was shown on the returns. The Bureau sent the taxpayer a letter requesting an explanation of the missing income items or amended returns that included the missing income. The taxpayer's wife responded to the letter by phone stating that the returns had been professionally prepared and that all income had been included. A follow-up letter was sent by the Bureau that listed the omitted income and requested an explanation of why it was not included. The taxpayer did not respond, and his file was transferred to the Legal/Tax Policy Division for administrative review.

The Commission sent the taxpayer a letter that explained the methods available for redetermining an NODD. The taxpayer did not respond. The Commission has reviewed the file in its entirety and hereby issues its decision modifying the NODD.

The Idaho resident individual income tax returns the Bureau prepared on behalf of the taxpayer were based on income information gleaned from the taxpayer's [Redacted] income records available at the time and the records retained by the Commission. The actual returns submitted by the taxpayer differed from the NODD prepared by the Bureau not only in the amount of income shown but also in the number of exemptions claimed and the filing status.

A review of [REDACTED] transcripts by the Commission showed the taxpayer failed to submit a [Redacted] tax return for taxable year 2005. Therefore, the taxpayer's Idaho income tax liability was calculated by the Commission using a filing status of single and allowing one dependent exemption. Because the taxpayer claimed one dependent child on his [Redacted] return for taxable year 2004 and two dependent children in taxable year 2006, it is reasonable to assume the taxpayer had at least one dependent child for taxable year 2005.

For taxable year 2006, [Redacted] transcript shows the taxpayer filed single, with three dependent exemptions. The Commission, therefore, modifies the return prepared by the Bureau to include not only the additional income omitted by the taxpayer but to also allow an additional dependent exemption.

The interest and penalty added by the Bureau pursuant to Idaho Code §§ 63-3045 and 63-3046 was reviewed and found to be proper and in accordance with Idaho Code.

The taxpayer failed to file his 2005 and 2006 Idaho individual income tax returns.

THEREFORE, the Notice of Deficiency Determination dated February 22, 2010, and directed to [Redacted] is AFFIRMED as modified by this decision.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$914	\$229	\$297	\$1,440
2006	84	21	22	127
			PAYMENTS	<u>\$(149)</u>
			TOTAL DUE	<u>\$1,418</u>

Interest is calculated through January 16, 2012.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayer's 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.