

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 23631
Petitioner.)
DECISION
_____)

[Redacted] (taxpayer) protested the Notice of Deficiency Determination dated October 8, 2010 issued by the Income Tax Audit Bureau of the Idaho State Tax Commission for taxable year 2007 in the total amount of \$178. The taxpayer stated the federal audit the Tax Commission was relying on was being contested at the [Redacted] level. The taxpayer stated she was working to get the [Redacted] audit reversed.

BACKGROUND

The issue in this case is a [Redacted] audit that the Tax Commission followed wherein the [Redacted] disallowed claimed schedule C expenses, added unemployment compensation, and disallowed the earned income credit. The Income Tax Audit Bureau (Bureau) reviewed the federal adjustments and determined two of the three adjustments were applicable to the taxpayer's 2007 Idaho income tax return. The Bureau adjusted the taxpayer's Idaho return and sent her a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination but failed to provide any evidence that she was contesting the audit at the [Redacted] level. The matter was referred for administrative review and the Tax Commission sent the taxpayer a hearing rights letter that discussed her options for redetermining the Bureau's determination. The taxpayer did not respond to the Tax Commission's hearing rights letter and has made no further contact with the Tax Commission. Therefore, the Tax Commission hereby issues its decision based upon the information available.

LAW AND ANALYSIS

The Bureau received information [Redacted] that a change had been made to the taxpayer's 2007 [Redacted] income tax return. The Bureau reviewed the information and determined the changes made to the taxpayer's [Redacted] return were applicable to the taxpayer's 2007 Idaho individual income tax return.

Idaho Code section 63-3002 states it is the intent of the Idaho legislature to make the provisions of the Idaho income tax act identical to the provisions of the Internal Revenue Code relating to the measurement of taxable income, subject only to modifications contained in the Idaho law. It follows then that the intent of the Idaho legislature is to follow a [Redacted] determination of taxable income. Further affirmation of the legislature's intent is found in Idaho Code section 63-3069 which requires taxpayers to immediately send written notice to the Tax Commission upon a final determination of a deficiency in federal tax or be subject to penalty.

The [Redacted] adjusted business expenses claimed on the taxpayer's [Redacted] income tax return. The [Redacted] also added unemployment compensation to the taxpayer's income. These adjustments affect Idaho taxable income so, the Bureau made corresponding adjustments to the taxpayer's Idaho return.

The taxpayer stated she was working with the [Redacted] to reverse the audit adjustments. However, a recent review of the taxpayer's [Redacted] shows no action since the adjustments to the taxpayer's [Redacted] return and the subsequent collection of the additional tax. The taxpayer also failed to provide the Tax Commission with anything to show an ongoing [Redacted] appeal.

Since the taxpayer has not shown that the [Redacted] reversed its adjustments, the Tax Commission finds the adjustments the Bureau made to the taxpayer's 2007 Idaho income tax

return were appropriate and in accordance with the Idaho Code. Therefore, the Tax Commission hereby upholds Bureau's determination.

The Bureau added the penalty of Idaho Code section 63-3069 to the taxpayer's tax deficiency. The Tax Commission reviewed the addition of the penalty and found it appropriate.

The Bureau also added interest to the taxpayer's tax. The Tax Commission reviewed that addition and found it appropriate and in accordance with Idaho Code section 63-3045.

THEREFORE, the Notice of Deficiency Determination dated October 8, 2010, and directed to [Redacted] is AFFIRMED.

IT IS ORDERED 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>
2007	\$147	\$10	\$23	\$180

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.
