

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 23725
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On November 17, 2010, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers) proposing income tax, penalty, and interest for taxable years 2004 through 2007 in the total amount of \$12,541.

The taxpayers protested the determination and subsequently submitted Idaho Individual income tax returns for taxable years 2005 through 2007. The returns were accepted, and the NODD was cancelled for those years. Taxable years 2005 through 2007 will not be addressed further in this decision.

For taxable year 2004, the taxpayers submitted a partial return. The Bureau sent the taxpayers a letter requesting a complete Idaho individual income tax return, including a copy of their federal return and all supporting schedules. The taxpayers did not respond, nor did they provide a complete return. However, based on the information provided in the partial return, the Bureau reduced the amount of proposed tax due for taxable year 2004. A copy of the modified NODD was sent to the taxpayers along with a withdrawal statement for their signature if they agreed with the adjusted figures and no longer wished to continue the appeals process. The taxpayers, again did not respond, and to date, a complete 2004 income tax return has not been received.

The taxpayers failed to file their 2004 individual income tax return. Because Commission records showed the taxpayers met the state income tax filing requirements and had not filed their Idaho individual income tax return for taxable year 2004, the Bureau attempted to contact them for clarification. The taxpayers did not respond.

[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:

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 income tax return on behalf of the taxpayers and sent them an NODD. The taxpayers appealed the NODD. They requested additional time to complete the return, which was granted by the Bureau. When the return was not received after the additional time allowed, the file was transferred to the Legal/Tax Policy Division for administrative review.

The tax policy specialist sent the taxpayers a letter that outlined their appeal rights. The taxpayers did not request a hearing nor did they provide any additional information for the Commission's consideration. The time has come for the Commission to decide this matter.

[Redacted] Commission records show the taxpayers had income in excess of the filing requirement.

The Idaho individual income tax return the Bureau prepared on behalf of the taxpayers was based on income information gleaned from the taxpayers' [Redacted] income records and the records retained by the Commission. The taxpayers' withholding of \$55 was allowed to offset a portion of the Idaho income tax due. The penalty and interest additions were calculated in conformity with Idaho Code §§ 63-3045 and 63-3046.

The taxpayers have provided nothing that would dissuade the Commission from accepting the Bureau's determination of Idaho income and Idaho income tax for taxable year 2004.

THEREFORE, the Notice of Deficiency Determination dated November 17, 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>
2004	\$1,536	\$384	\$578	\$2,498

Interest is computed through November 1, 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.
