

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 22963
[Redacted],	)	
	)	
Petitioner.	)	DECISION
_____	)	

On April 20, 2010, the Income Tax Audit Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer) proposing additional individual income tax, penalty, and interest in the amount of \$2,719 for taxable year 2007.

The taxpayer filed a timely appeal and petition for redetermination. He did not request a conference but has provided additional information for the Commission’s consideration. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision modifying the NODD.

Idaho Code § 63-3002 provides:

Declaration of intent. It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; . . .

The intent of the Idaho Legislature is to follow the federal determination of income subject only to modifications contained in Idaho law. Pursuant to the authority of Internal Revenue Code § 6103(d), the Commission obtained the results of an [Redacted] of the taxpayer’s 2007 [Redacted] income tax return.

The [Redacted] audit changed the taxpayer’s filing status from Head of Household to Single and changed the number of personal exemptions allowed from three to one. The

[Redacted] audit also made an adjustment to include additional income reported in the taxpayer's social security number. The changes resulted in an increase to the amount of taxable income reported to Idaho. The taxpayer failed to notify Idaho of the [Redacted] determination within the 60-day period required by Idaho Code § 63-3069. The Bureau issued an NODD to the taxpayer advising him of additional Idaho income tax, penalty, and interest due as a result of the increase to his taxable income.

In response to the deficiency notice, the taxpayer submitted a written appeal stating that he had been a victim of identity theft and was working with a taxpayer advocate to get the matter resolved. The taxpayer's appeal letter made no mention of the adjustment to his filing status or the denial of the dependency exemptions, only the adjustment to income. The taxpayer also stated in his appeal letter that he had provided [Redacted] with additional documentation and that he believed once it was reviewed, the [Redacted] audit would be reversed.

The Bureau sent the taxpayer a letter acknowledging his protest and allowing him time to resolve the issues with [Redacted]. The taxpayer was asked to provide a copy of correspondence with [Redacted] to verify the [Redacted] determination was still open and/or a copy of the [Redacted] when the matter was resolved.

When the taxpayer did not provide the Bureau with any additional documentation information or copies of [Redacted] documents and/or additional information, his file was transferred to the Legal/Tax Policy Division for administrative review. A letter was sent to advise the taxpayer of his right to request a hearing or send additional information. The taxpayer did not request a hearing but has provided two separate letters from [Redacted] in which they acknowledge the taxpayer has been a victim of identity theft.

The Commission has reviewed this information and modifies the NODD. The NODD as it pertains to the filing status change from head of household to single is affirmed as is the change in dependency exemptions from three to one. However, only the omitted income earned by the taxpayer in Idaho, \$5,110 from [Redacted], is included in the taxpayer's Idaho taxable income. It appears from the information provided that the taxpayer was a victim of identity theft. Additionally, information provided from the Idaho Department of Labor shows the taxpayer earned wages in Idaho during all four quarters of taxable year 2007. The Commission does not believe it is feasible that the taxpayer worked all four quarters of taxable year 2007 in Idaho and somehow managed to also earn wages in [Redacted].

THEREFORE, the Notice of Deficiency Determination dated April 20, 2010, and directed to [Redacted] is MODIFIED and AFFIRMED.

IT IS ORDERED that the taxpayer pay the following additional tax, penalty, and interest for taxable year 2007:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$946	\$47	\$191	\$1,184

Interest has been calculated through April 20, 2011.

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

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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.

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