

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 22964  
 )  
 )  
Petitioners. ) DECISION  
 )  
\_\_\_\_\_ )

On April 6, 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 years 2005 and 2006 in the total amount of \$45,588.

On June 8, 2010, a timely protest and petition for redetermination was filed by the taxpayers. 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 [Redacted] redetermination of their income. The Commission received the [Redacted] showing that they had reduced or eliminated various itemized deductions claimed on Schedule A and Schedule C. The Commission found that the auditor correctly recomputed the taxpayers' tax liability pursuant to [Redacted] redetermination.

The protest letter sent by the taxpayers simply stated that they don't believe they owe the amount shown on the NODD and that their lawyer is working with [Redacted] to find the right amount.

The taxpayers were issued an NODD by the Idaho State Tax Commission pursuant to an Internal Revenue Service redetermination of the taxpayers' income. The Commission finds that the auditor correctly recomputed the taxpayers' tax liability pursuant to the [Redacted] redetermination.

Idaho Code § 63-3002 stated:

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; to achieve this result by the application of the various provisions of the Federal Internal Revenue Code relating to the definition of income, exceptions therefrom, deductions (personal and otherwise), accounting methods, taxation of trusts, estates, partnerships and corporations, basis and other pertinent provisions to gross income as defined therein, resulting in an amount called "taxable income" in the Internal Revenue Code, and then to impose the provisions of this act thereon to derive a sum called "Idaho taxable income"; to impose a tax on residents of this state measured by Idaho taxable income wherever derived and on the Idaho taxable income of nonresidents which is the result of activity within or derived from sources within this state.

The taxpayers have not provided the Commission with a contrary result to [Redacted] redetermination of their income. In addition, a recent review of the taxpayers' [Redacted] records for taxable years 2005 and 2006 shows no changes have been made to the original audit. Therefore, the Commission must uphold the deficiency as asserted.

THEREFORE, the NODD dated April 6, 2010, is hereby AFFIRMED.

IT IS ORDERED that the taxpayers pay the following additional tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 5,982	\$ 897	\$2,021	\$ 8,900
2006	29,904	1,495	8,221	<u>39,620</u>
			<b>TOTAL DUE</b>	<b><u>\$48,520</u></b>

Interest is calculated through May 15, 2012.

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 \_\_\_\_\_ 2012.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2012, 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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