

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 23099
[Redacted])	
)	DECISION
Petitioners.)	
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On May 24, 2010, the Income Tax Audit Division (ITA) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NOD) to [Redacted] (petitioners) proposing additional income tax, penalty, and interest for taxable years 2006 and 2007 in the total amount of \$1,301.

A timely protest and petition for redetermination was filed by the petitioners. The petitioners have not requested a hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision modifying the NOD.

The petitioners were issued an NOD by the Commission [Redacted]. [Redacted] The ITA, therefore, issued an NOD based on that information and adjusted the petitioners' Idaho return. The Commission finds that the ITA correctly recomputed the petitioners' tax liability [Redacted].

In the petitioners' protest letter received dated July 12, 2010, the petitioners stated:

I recently received a Notice of Deficiency Determination for the years of 2006 and 2007. There seems to be an issue of our eligibility to claim the exemptions listed on our returns. The [Redacted] is re-opening their audit based the documentation we have sent them proving our right to these exemptions and credits. I have enclosed the same documents to you for the same verification.

For 2006, I have enclosed copies of the child support agreements showing our right to claim my sons as outlined by the court.

For 2007, I became the custodial parent of [Redacted] in February of 2007, where he attended [Redacted] school for the entire year. I have enclosed copies of his report cards from the school with my name and address printed on them we lived at that address until September 2008, as well as his birth certificate.

If there is any further records that you need, please contact us at once and we will provide them.

The ITA sent the petitioners a letter dated July 12, 2010, which stated that ITA would retain the petitioners' file while they awaited the information the petitioners had yet to provide. The ITA requested the petitioners provide the information by August 3, 2010. If the petitioners' issues could not be resolved in the ITA, their file would be transferred to the Commission's Legal/Tax Policy Division for further review.

On September 16, 2010, the tax policy specialist (policy specialist) sent the petitioners a letter to inform them of the alternatives for redetermining a protested NOD. A follow-up letter was sent to the petitioners on November 2, 2010. The petitioners did not respond to either letter.

The federal transcripts printed November 7, 2011, showed that the [Redacted] did not accept the petitioners' claims for taxable year 2006 and instead applied their 2009 income tax refund along with a payment made by the petitioners to pay the [Redacted] assessment in full.

The [Redacted] transcripts printed November 7, 2011, showed that [Redacted] did accept the petitioners' claims for taxable year 2007 and abated the additional tax for that year asserted in the petitioners' deficiency. The petitioners' 2007 income tax return will not be addressed any further in this decision.

Idaho Code § 63-3002 states that it is the intent of the Idaho Legislature, insofar as possible, to make the Idaho Income Tax Code identical to the Internal Revenue Code in the way taxable income is determined. Idaho Code § 63-3069 states that, upon a final determination of any deficiency or refund of federal taxes, written notice shall be immediately sent to the State Tax Commission by a taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 states that immediate written notification is required within 60 days of the final determination.

From the cited Idaho Code sections and the Administrative Rule, it is apparent the Idaho Legislature intended any changes made to a taxpayer's federal return to be reflected on the

taxpayer's Idaho return. Therefore, it is the Commission's position that the changes made to a taxpayer's federal return must be made to the taxpayer's state return.

The petitioners have the burden of proving the adjustments were incorrect. The petitioners would like the Commission to re-audit [Redacted]. The Commission's position is that the petitioners must be granted relief at the federal level before relief can be granted at the state level. The petitioners have failed to carry the burden in this matter for taxable year 2006.

Since the petitioners have not provided the Commission with a contrary result [Redacted]for taxable year 2006, the Commission must uphold the deficiency for that year as asserted.

THEREFORE, the Notice of Deficiency Determination dated May 24, 2010, as MODIFIED, is hereby APPROVED, AFFIRMED, and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$530	\$27	\$141	\$698

Interest is calculated through March 9, 2012.

An explanation of the petitioners' right to appeal this decision is enclosed.

DATED this ____ day of _____ 2011.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this ____ day of _____ 2011, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.
