

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 23823
Petitioner.)
DECISION
_____)

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated January 14, 2011, issued by the Income Tax Audit Bureau of the Idaho State Tax Commission for taxable year 2007 in the total amount of \$594. Petitioner disagreed that the [Redacted] audit Idaho followed was a final federal determination. Petitioner stated [Redacted] was reconsidering its audit and he was confident the result would be a clearance of any [Redacted] tax deficiency which would make the Tax Commission's determination invalid. The Tax Commission having reviewed the file, hereby issues its decision.

BACKGROUND

The issue in this case is a [Redacted] audit that the Tax Commission followed wherein the [Redacted] disallowed unreimbursed employee business expenses claimed as a miscellaneous itemized deduction. The Income Tax Audit Bureau (Bureau) reviewed the [Redacted] adjustment and determined it was applicable to Petitioner's 2007 Idaho income tax return. The Bureau adjusted Petitioner's 2007 Idaho return and sent him a Notice of Deficiency Determination.

Petitioner protested the Bureau's determination stating the matter was being reconsidered. However, Petitioner failed to provide any evidence that the [Redacted] was reconsidering the matter. Consequently, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioner a letter asking him to provide evidence the [Redacted] was reconsidering its audit adjustments. Petitioner did not respond to the Tax Commission's letter, so a follow-up letter was sent to Petitioner. Petitioner responded with a copy of the [Redacted] final determination. The Tax Commission reviewed the information Petitioner provided and hereby issues its decision.

LAW AND ANALYSIS

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] disallowed Petitioner's unreimbursed employee expenses claimed on his [Redacted] income tax return as a miscellaneous itemized deduction. The Bureau received the audit information [Redacted], reviewed the information, and determined the changes made to the taxpayer's [Redacted] return were applicable to Petitioner's 2007 Idaho individual income tax return. Therefore, the Bureau made a corresponding adjustment to Petitioner's Idaho return.

Petitioner stated the matter was reconsidered [Redacted] and provided a final [Redacted] determination of his unreimbursed employee business expenses. The Tax Commission reviewed the final [Redacted] determination and found it too was applicable to Petitioner's 2007 Idaho income tax return.

CONCLUSION

The [Redacted] made an adjustment to Petitioner's 2007 federal income tax return. The adjustment also affected Petitioner's Idaho taxable income. Petitioner provided evidence of a modification to the [Redacted] original audit, which reduced Petitioner's federal tax deficiency. Since Petitioner's Idaho tax deficiency was based upon the [Redacted] original audit, it is only appropriate that the Tax Commission modify its original deficiency to correspond with [Redacted] reconsideration. Therefore, the Tax Commission modifies the Bureau's determination to agree with the final [Redacted] determination.

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

The Bureau also added interest to Petitioner'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 January 14, 2011, and directed to [Redacted] is AFFIRMED AS MODIFIED by this decision.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$271	\$14	\$61	\$346

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of Petitioner's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2012.

IDAHO STATE TAX COMMISSION

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.
