

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 23841  
 )  
 )  
Petitioners. ) DECISION  
 )  
\_\_\_\_\_ )

On March 10, 2011, the staff of the Tax Discovery Bureau 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 year 2007 in the total amount of \$2,365.

The taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Commission’s hearing rights letter and have provided nothing further for the Commission to consider. The Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information from the [Redacted] that the taxpayers omitted income on their [Redacted] income tax return for taxable year 2007. The [Redacted] determined the income should have been reported and corrected the taxpayers’ [Redacted] income tax return. The additional income was non-employee compensation reported under [Redacted] social security number on form 1099-misc.

The Bureau reviewed the changes the [Redacted] made and determined the taxpayers’ Idaho income tax return should be corrected as well. The Bureau adjusted the taxpayers’ 2007 Idaho income tax return and sent them an NODD. The taxpayers appealed the Bureau’s determination.

The protest letter submitted by the taxpayers stated that they are disputing the adjustment made by the [Redacted] and are awaiting a final resolution.

The Bureau requested additional information from the [Redacted] to confirm the changes to the taxpayers' [Redacted] income tax return. The [Redacted] information shows the taxpayers' [Redacted] taxable income included the omitted income. The most current [Redacted] information also shows an amended [Redacted] return has not been filed, and that the taxpayers have paid in full the additional [Redacted] tax due.

The Bureau referred the matter for administrative review. The Commission sent the taxpayers a letter that explained the methods available for redetermining a protested NODD, and also acknowledged the fact that the taxpayers were still contesting the matter at the [Redacted] level. The Commission requested a copy of the latest correspondence the taxpayers had received from the [Redacted] in addition to a copy of the final audit report once the issue was resolved. The taxpayers did not respond. The Commission sent a follow-up letter to the taxpayer but still received no response from them. Therefore, the Commission decided the matter based upon the information available.

Idaho Code section 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 section 63-3069 states, upon a final determination of any deficiency or refund of [Redacted] taxes, written notice shall immediately be sent to the State Tax Commission by the taxpayer. IDAPA 35.01.01.890.03 Income Tax Administrative Rule 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 taxpayers' federal return be reflected on the

taxpayers' Idaho return. Therefore, it is the Commission's position that the changes made to the taxpayers' [Redacted] return must be made to the taxpayers' state return.

The taxpayers have not provided the Commission with a contrary result to the [Redacted] original redetermination. The taxpayers must be granted relief at the [Redacted] level before relief can be granted at the state level. Therefore, the Commission must uphold the Bureau's adjustment to the taxpayers' 2007 Idaho income tax return.

The Bureau added interest and penalty to the taxpayers' tax deficiency. The Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

THEREFORE, the NODD dated March 10, 2011, is hereby APPROVED and MADE FINAL.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$1,949	\$97	\$306	\$2,352
			AMOUNT PAID	<u>(2,352)</u>
			TOTAL DUE	\$0

The taxpayers have paid the additional tax due in full, and therefore, no DEMAND for payment is made or necessary.

An explanation of the taxpayers' 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.

---