

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 24471
)
)
Petitioners.) DECISION
)
_____)

On August 1, 2011, 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 2007 and 2008 in the total amount of \$3,554.

On October 3, 2011, 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 [Redacted] redetermination of their income. The Commission received the [Redacted] audit from [Redacted] showing that they had reduced or eliminated various itemized deductions claimed on the taxpayers' Schedule C. The Commission found that the auditor correctly recomputed the taxpayers' tax liability pursuant to the [Redacted] redetermination.

The protest letter sent by the taxpayers stated the tax years contained in the NODD were still being negotiated with [Redacted] and a final outcome had not yet been determined. The taxpayers stated they were, therefore, unable to calculate any deficiency due to the state of Idaho. The taxpayers requested that additional time be granted by the Commission to allow [Redacted] time to complete the appeals process and send a report.

To date, the taxpayers have not provided any documentation to indicate the [Redacted] NODD has been changed. A recent review of the taxpayers' [Redacted] transcript shows no abatement of the taxes assessed during examination. One of the last entries posted on the transcript shows that the offer-in-compromise made by the taxpayers has been denied.

Idaho Code § 63-3002 states it is the intent of the Idaho legislature 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 immediately be sent to the State Tax Commission by the taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 states that immediate notification is to be 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 the taxpayers' federal income tax return to be reflected on the taxpayers' Idaho income tax return. Therefore, it is the Commission's position that the changes made to the taxpayers' federal income tax return must be made to the taxpayers' state income tax return.

Following Idaho Code, the adjustments should be made to the taxpayers' Idaho income tax return. The Commission's position is that the taxpayers must be granted relief at the federal level before relief can be granted at the state level.

Because the taxpayers' original [Redacted] redetermination was not changed, the Commission must uphold the deficiency as asserted.

THEREFORE, the NODD dated August 1, 2011, and directed to [Redacted], is hereby APPROVED and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER 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>
2007	\$3,144	\$157	\$698	\$3,999
2008	(281)		(44)	<u>(325)</u>
			TOTAL DUE	<u>\$3,674</u>

Interest is calculated through October 19, 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

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.
