

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 25020
Petitioner.)
DECISION
_____)

BACKGROUND

On April 2, 2010, the Tax Discovery Bureau (Bureau) sent a notice of a change in taxable income based on information received from [Redacted] to [Redacted](Petitioner). On April 22, 2010, the Petitioner sent a note disputing the amounts along with some newly created 1099-MISCs showing that \$14,672 of non-employee compensation was reported to [Redacted], an S-Corporation that is owned 50 percent by the Petitioner and 50 percent by his wife. This response is being treated as a timely protest and petition for redetermination.

On July 12, 2010, the Income Tax Audit Division (Audit) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to the Petitioner proposing additional income tax, penalty, and interest for taxable year 2007 in the total amount of \$728. The taxpayer did not request a hearing.

To date, the Petitioner has not provided any documentation from [Redacted] that shows the [Redacted] was changed. A review of [Redacted] records does not indicate that the 1099s provided to the Commission were filed or accepted by [Redacted]. [Redacted] records also show that the taxpayer's account had additional tax due as a result of the 2007 [Redacted] audit and that additional tax had been paid. That is consistent with the Bureau's position.

Idaho Code § 63-3002 states it is the intent of the Idaho legislature to make the Idaho income tax act 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 the taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 states that immediate notification is within 60 days of the final determination. Therefore, it is the Commission's position that the changes made to the taxpayer's [Redacted] return must be made to the taxpayer's state return.

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

Since the taxpayer has not provided the Commission with a contrary result to [Redacted] original redetermination and because [Redacted] records do not show any change following the original redetermination, the Commission upholds the deficiency as issued by the Bureau.

THEREFORE, the NODD dated April 2, 2010, and directed to [Redacted], is hereby AFFIRMED.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
12/31/07	\$614.00	\$30.70	\$167.72	\$812.42

Interest is calculated through November 30, 2012, and will continue to accrue at the rate set forth in Idaho Code section 63-3045.

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

An explanation of the taxpayer'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.
