

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 25110
)
)
Petitioners.) DECISION
)
_____)

On April 2, 2012, 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 \$2,271.

On May 25, 2012, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not request a hearing. The Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information from [Redacted] that the taxpayers had omitted some income on their 2007 [Redacted] income tax return. The Bureau reviewed the taxpayers' Idaho return and determined the income was also omitted. The Bureau corrected the taxpayers' 2007 Idaho return and sent them an NODD. The taxpayers appealed the Bureau's determination, stating the additional income was reported incorrectly under Mrs. [Redacted] social security number.

The Bureau requested information from [Redacted] to confirm the changes to the taxpayers' 2007 [Redacted] income tax return. The [Redacted] information showed the taxpayers' [Redacted] taxable income included the omitted income, and the taxpayers had made an offer in compromise with [Redacted], which was accepted. However, the additional tax

assessed by examination has not been abated, and there are no changes to the taxpayers' federal adjusted gross income.

The Commission sent the taxpayers a letter setting forth two alternative methods for redetermining the Bureau's deficiency determination. The taxpayers' preparer responded by phone to the letter. Because the preparer was not an appointed representative, the case was discussed in very general terms. The preparer informed the Commission that the taxpayers had made an Offer in Compromise with [Redacted], but no changes were made to the original audit. The preparer stated in the conversation that he would discuss the matter with the taxpayers and possibly advise them to withdraw their appeal and pursue a payment arrangement with the Commission. Subsequent to the phone conversation, a follow-up letter was sent to the taxpayers along with a protest withdrawal statement, but to date, no response has been received. Therefore, the Commission decides the matter based upon the information currently available.

Idaho Code § 63-3002 states in part:

It is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law; . . .

Therefore, if [Redacted] changed the taxpayers' [Redacted] taxable income to include additional income, a corresponding adjustment must be made to the taxpayers' Idaho income tax return to make Idaho taxable income identical to [Redacted] taxable income.

As previously stated, a change was made to the taxpayers' [Redacted] taxable income. Idaho Code section 63-3002 states that Idaho taxable income is to be identical to federal taxable income. The taxpayers have not provided anything to show that their [Redacted] taxable income was reduced to the amount they reported on their Idaho income tax return. In Idaho, it is well

established that a Tax Commission Notice of Deficiency Determination is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). 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 Tax 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 April 2, 2012, is hereby AFFIRMED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$1,807	\$90	\$419	\$2,316

Interest is calculated through January 25, 2013.

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.
