

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 25111
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On March 2, 2012, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers) proposing income tax, penalty, and interest for taxable years 2002, 2005, 2006, and 2008 in the total amount of \$10,867.

On May 4, 2012, the taxpayers protested the determination and subsequently submitted Idaho Individual income tax returns for taxable years 2005, 2006, and 2008. The returns were forwarded to processing, and the NODD was cancelled for those years. Taxable years 2005, 2006, and 2008 will not be addressed further in this decision. No information was submitted for taxable year 2002. The Tax Commission, having reviewed the file, hereby issues its decision regarding taxable year 2002.

The taxpayers failed to file their 2002 individual income tax return. Because Tax Commission records showed the taxpayers met the state income tax filing requirements and had not filed their Idaho return for 2002, the Bureau attempted to contact them for clarification. The taxpayers did not respond.

The Bureau requested and received a transcript of the taxpayers' [Redacted] income records from the [Redacted]. The information was provided in accordance with Internal Revenue Code § 6103(d) and Idaho Code § 63-3077.

Idaho Code § 63-3045(1)(a) states:

63-3045. Notice of redetermination or deficiency -- Interest. (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

The Bureau prepared the missing Idaho return on behalf of the taxpayers and sent them an NODD. On May 4, 2010, the taxpayers appealed the NODD stating it was incorrect because they were not given credit for withholding. The taxpayers requested an additional thirty days to locate the 2002 return and the supporting W-2s. The Bureau sent the taxpayers a letter acknowledging their appeal and allowing them the additional time requested. When the 2002 return was not received as promised, the file was transferred to the Legal/Tax Policy Division for administrative review.

The Commission sent the taxpayers a letter that explained the methods available for redetermining an NODD. The taxpayers did not respond. Therefore, the Commission decided the matter based upon the information available.

The Bureau computed the taxpayers' 2002 Idaho income tax responsibility using the same filing status, Married, Filing joint, four dependent exemptions, and adjusted gross income amount as shown in [Redacted] records. No Idaho withholding was identified. While the taxpayers believe there were Idaho taxes withheld in 2002 by Mr. [Redacted] [Redacted] employer, they provided no documentation to substantiate this claim. In addition, it appears unlikely any amounts were withheld in 2002 as the [Redacted] employer did not obtain a withholding permit or remit any Idaho state withholding until January 2003.

The interest and penalty added by the Bureau pursuant to Idaho Code §§ 63-3045 and 63-3046 was reviewed and found to be proper and in accordance with Idaho Code.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Comm'n, 110 Idaho 572 (Ct. App. 1986). The burden is on the taxpayer to show that the tax deficiency is erroneous. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

The taxpayers have provided nothing that would dissuade the Commission from accepting the Bureau's determination of Idaho income and Idaho income tax for taxable year 2002.

THEREFORE, the NODD dated March 2, 2012, and directed to [Redacted], is hereby MODIFIED, APPROVED, 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>
2002	\$2,446	\$612	\$1,313	\$4,371

Interest is computed through January 11, 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.
