

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 24029
)
)
Petitioners.) DECISION
)
_____)

[Redacted] (Petitioners) protested the Notice of Deficiency Determination dated March 21, 2011, issued by the Income Tax Audit Bureau of the Idaho State Tax Commission for taxable year 2005 in the total amount of \$2,835. Petitioners argued the matter was not completely settled with [Redacted] so the [Redacted] audit the Tax Commission relied upon was not accurate. Petitioners stated once the matter was settled they would send the information to the Tax Commission. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

The issue in this case is a [Redacted] audit that the Tax Commission followed wherein the [Redacted] disallowed car and truck expenses, depreciation, and unreimbursed employee business expenses. The Income Tax Audit Bureau (Bureau) reviewed the [Redacted] adjustments and determined the adjustments were applicable to Petitioners’ 2005 Idaho income tax return. The Bureau adjusted Petitioners’ Idaho return and sent them a Notice of Deficiency Determination.

Petitioners’ initial protest was that they were unaware that the state needed to be notified of changes made to their [Redacted] income tax return. Petitioners also stated they were requesting a waiver or abatement of interest from [Redacted] due to delays at no fault of their own. Petitioners stated once the [Redacted] side was resolved they would be asking for consideration of the penalty and interest the Bureau added to its Notice of Deficiency

Determination. The Bureau acknowledged Petitioners' protest and referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioners a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. Petitioners contacted the Tax Commission and asked for a copy of the [Redacted] audit the Tax Commission was relying upon. The Tax Commission sent Petitioners a copy of the report to which Petitioners stated that it did not contain the most current adjustments. Petitioners stated they requested and received the latest version of the audit report from [Redacted] and upon review of that report they found [Redacted] did not allow the mileage agreed upon during [Redacted] appeal. Petitioners stated they were appealing the [Redacted] audit again and were not sure how long it would take to get the matter resolved.

The Tax Commission asked for verification of Petitioners' [Redacted] appeal. Petitioners did not provide that verification. The Tax Commission requested additional information from the [Redacted] and found no changes were made to [Redacted] audit report the Tax Commission had received, and that the last action taken by [Redacted] was the denial of a request for removal of penalty.

The Tax Commission asked Petitioners to confirm the finality of [Redacted], but Petitioners did not respond. The Tax Commission, believing Petitioners have had ample opportunity to provide additional information or confirmation of a [Redacted] continuance, hereby issues its decision based upon the information available.

LAW AND ANALYSIS

Idaho Code section 63-3002 states it is the intent of the Idaho legislature to make the provisions of the Idaho income tax act identical to the provisions of the Internal Revenue Code

relating to the measurement of taxable income, subject only to modifications contained in the Idaho law. It follows then that the intent of the Idaho legislature is to follow a federal determination of taxable income. Further affirmation of the legislature's intent is found in Idaho Code section 63-3069, which requires taxpayers to immediately send written notice to the Tax Commission upon a final determination of a deficiency in federal tax or be subject to penalty.

The Bureau received information from [Redacted] that a change had been made to Petitioners' 2005 [Redacted] income tax return. The Bureau reviewed the information and determined the changes made to Petitioners' [Redacted] return were applicable to Petitioners' 2005 Idaho individual income tax return. Petitioners provided nothing contrary to the adjustments made by the Bureau.

CONCLUSION

In Idaho, a State Tax Commission deficiency determination is presumed to be correct, and the burden is on the taxpayer to show that 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). Petitioners did not meet their burden.

From the information available as of January 7, 2013, the [Redacted] has not changed its audit adjustments to Petitioners' 2005 [Redacted] income tax return. The adjustments the Bureau made to Petitioners' 2005 Idaho income tax return mirrored the changes to Petitioners' [Redacted] taxable income. The Tax Commission reviewed the adjustments and found them appropriate and in accordance with the Idaho Code. Therefore, the Tax Commission hereby upholds the Bureau's determination.

The Bureau added the penalty of Idaho Code section 63-3069 to Petitioners' tax deficiency. The Tax Commission reviewed the addition of the penalty and found it appropriate.

The Bureau also added interest to Petitioners' tax. The Tax Commission reviewed that addition and found it appropriate and in accordance with Idaho Code section 63-3045.

THEREFORE, the Notice of Deficiency Determination dated March 21, 2011, and directed to [Redacted] is AFFIRMED.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$2,102	\$105	\$782	\$2,989

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

An explanation of the Petitioners' right to appeal this decision is enclosed.

DATED this _____ day of _____ 2013.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2013, 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.
