

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 24195
[Redacted],	)	
	)	
Petitioners.	)	DECISION
_____	)	

On May 13, 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 year 2007 in the total amount of \$3,169.

On July 15, 2011, a timely protest and petition for redetermination was filed by the taxpayers' accountant. 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 an [Redacted]of their income. The Commission received the [Redacted] audit from the [Redacted]showing that they had reduced or eliminated various itemized deductions claimed on the taxpayers' Schedule C, and included in income Other Gains/Losses from Form 4797. The Commission found that the auditor correctly recomputed the taxpayers' income tax liability pursuant to the [Redacted] redetermination.

The protest letter sent by the taxpayers' accountant, dated July 15, 2011, stated that they were working with the [Redacted] through their problem resolution department, and that the situation is still being reviewed. The appeal letter requested the matter be abated until the [Redacted] reached a final determination.

On July 18, 2011, the Bureau acknowledged the taxpayers' appeal and allowed them additional time for the [Redacted] audit reconsideration process to be completed. The Bureau received no additional information from the taxpayers, and on February 6, 2012, forwarded their file to the Legal/Tax Policy division for continuation of the appeals process.

On April 6, 2012, the Commission sent the taxpayers a letter discussing the methods available for redetermining the NODD, but they did not respond. A follow-up letter was sent on July 6, 2012. In response to the follow-up letter, the taxpayers' accountant forwarded a letter from the [Redacted] dated May 11, 2012, that stated the taxpayers' claim was being forwarded to the Area office and that they would be contacted in 45 days. On January 24, 2013, the taxpayers' accountant contacted the Commission and stated a final federal determination had been reached, and that a report was forthcoming. When the final report did not arrive, the Commission reviewed the taxpayers' [Redacted] records, and as of March 28, 2013, could not see where any adjustments had been made to the original [Redacted] determination. On March 29, 2013, the Commission sent the taxpayers a letter requesting a copy of the final federal report, or if the matter had not been resolved, a copy of the latest correspondence from the [Redacted].

To date, the taxpayers have not provided any documentation that shows the [Redacted]NODD was changed, nor have they provided any correspondence from [Redacted] that indicates the matter is still pending.

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 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.

From the cited Idaho Code sections and the Administrative Rule, it is apparent the Idaho legislature intended any changes made to the taxpayers' [Redacted] return to be reflected on the taxpayers' Idaho return. Therefore, it is the Commission's position that the changes made to the taxpayers' [Redacted] return must be made to the taxpayers' state return.

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

Since the taxpayers have not provided the Commission with a contrary result to the [Redacted] original redetermination, the Commission must uphold the deficiency as asserted.

THEREFORE, Notice of Deficiency Determination dated May 13, 2011, and directed to [Redacted], is hereby APPROVED and MADE FINAL.

IT IS ORDERED 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	\$2,591	\$130	\$641	\$3,362

Interest is calculated through July 31, 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 \_\_\_\_\_ 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.  
  
\_\_\_\_\_