

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
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[Redacted]) DOCKET NO. 24375
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Petitioner.)
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[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated May 25, 2011, asserting income tax, penalty, and interest in the total amount of \$10,323 for taxable years 2004 and 2005. Petitioner disagreed with the Idaho taxable income the Tax Discovery Bureau determined for each of the years. Petitioner stated his [Redacted] income tax returns for those years were amended, and that he would provide a copy of his amended returns to the Tax Commission. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

The Tax Discovery Bureau (Bureau) received information that indicated Petitioner was required to file Idaho individual income tax returns for taxable years 2004 and 2005. The Bureau searched the Tax Commission’s records and found that Petitioner did not file Idaho income tax returns for taxable years 2004 and 2005. The Bureau sent Petitioner a letter asking about his requirement to file Idaho income tax returns for taxable years 2004 and 2005. Petitioner contacted the Bureau and asked for all the income information the Tax Commission had available on Petitioner for those years. The Bureau provided Petitioner with the information requested and Petitioner stated he would prepare returns to submit to the Tax Commission.

The Bureau waited for the returns from Petitioner but nothing was provided. The Bureau obtained additional information from the [Redacted] and determined Petitioner was required to

file Idaho income tax returns. The Bureau prepared income tax returns for Petitioner based upon the information available and sent him a Notice of Deficiency Determination.

Petitioner protested the Bureau's determination stating the Bureau did not take into consideration certain deductions and expenses. Petitioner stated his [Redacted] income tax returns were being amended and he would provide additional documentation to support his position. The Bureau allowed Petitioner additional time, but when it became apparent no additional documentation was forthcoming, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioner a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. Petitioner did not respond to the Tax Commission's initial letter so a follow-up letter was sent. Petitioner contacted the Tax Commission and stated he was working with the [Redacted] to get his amended returns accepted. He stated he would provide information [Redacted] acceptance of his returns.

Several days later, Petitioner provided a copy of his [Redacted] transcript for taxable years 2004 and 2005. He also provided other information from the [Redacted] that pertained to his 2005 [Redacted] income tax return. The Tax Commission reviewed the documentation provided and found it was applicable to Petitioner's Idaho income tax returns.

LAW AND ANALYSIS

Idaho Code section 63-3002 states 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 prepared returns for Petitioner based upon information obtained from the [Redacted]. On the date the Bureau obtained the information, the returns prepared were based upon the most current information and were accurate based upon that information. However, Petitioner subsequently amended his [Redacted] income tax returns and significantly reduced his [Redacted] taxable income.

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). Petitioner provided information that showed his [Redacted] taxable income for taxable years 2004 and 2005 was lower than what the Bureau determined. The Tax Commission reviewed the information provided and found it should be included in the determination of Petitioner's Idaho taxable income. Therefore, the Tax Commission hereby modifies the returns the Bureau prepared to include Petitioner's amended [Redacted] return information.

The Bureau added penalty and interest to Petitioner's Idaho income tax liability. The Tax Commission reviewed those additions and found them appropriate as to the modified determination.

THEREFORE, the Notice of Deficiency Determination dated May 25, 2011, and directed to [Redacted] is AFFIRMED AS MODIFIED by this decision.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$ 0	\$ 0	\$ 0	\$ 0
2005	\$131	\$33	\$49	<u>\$213</u>
			TOTAL DUE	<u>\$213</u>

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

An explanation of the Petitioner'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.
