

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 24773
[Redacted],	)	
	)	
Petitioners.	)	DECISION
_____	)	

[Redacted] (Petitioners) protested the Notice of Deficiency Determination dated September 12, 2011, asserting income tax, penalty, and interest in the total amount of \$4,196 for taxable years 2004, 2005, and 2006. Petitioners disagreed that they did not pay any tax for the identified years. Petitioners provided copies of their W-2 wage and tax statements documenting the withholdings made to Idaho. The Tax Commission, having reviewed the file, hereby issues its decision.

**BACKGROUND**

The Tax Discovery Bureau (Bureau) received information that indicated Petitioners were required to file Idaho individual income tax returns. The Bureau searched the Tax Commission’s records and found that Petitioners did not file Idaho income tax returns for taxable years 2002 through 2009. The Bureau sent Petitioners a letter asking about their requirement to file Idaho income tax returns. Petitioners contacted the Bureau and asked for the income information the Bureau was relying on and forms and instructions for each of the years. The Bureau provided Petitioners with the requested items and waited for Petitioners to complete and submit their income tax returns. The Bureau sent Petitioners reminder letters but no income tax returns were provided.

The Bureau obtained additional information from [Redacted] and determined Petitioners were required to file Idaho income tax returns. The Bureau prepared income tax returns for

Petitioners based upon the information available but only sent them a Notice of Deficiency Determination for taxable years 2004, 2005, and 2006. The Bureau determined the other taxable years did not meet its audit threshold.

Petitioners protested the Bureau's determination stating they did pay taxes to Idaho in those years. Petitioners provided copies of their W-2 wage and tax statements. The Bureau incorporated Petitioners' W-2 information into its determination and sent Petitioners a modified audit report. Petitioners did not respond, so the Bureau 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 did not respond. Therefore, the Tax Commission decided the matter based upon the information available.

### **LAW AND ANALYSIS**

Idaho Code section 63-3030 states that all resident individuals are required to file a return of income if they meet the filing threshold stated in Internal Revenue Code section 6012(a)(1). From the information available, Petitioners' income exceeded that amount each year. Furthermore, Petitioners filed federal income tax returns for each of the years.

Petitioners did not contest their requirement to file Idaho individual income tax returns. On the contrary, Petitioners seemed to acknowledge their requirement and implied they would submit income tax returns. However, Petitioners failed to provide any of the income tax returns in question.

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 partially met this burden by providing copies of their W-2 wage and tax statements. As a result, the Bureau modified its original determination to include Petitioners' withholding information.

The Tax Commission reviewed the returns the Bureau prepared for Petitioners for taxable years 2004, 2005, and 2006, and found them to be an accurate representation of Petitioners' Idaho taxable income based upon the information available.

### CONCLUSION

Petitioners' reported income exceeded the filing requirement threshold. Petitioners were required to file Idaho individual income tax returns. Petitioners did not provide the returns in question, but did provide additional information pertinent to their Idaho tax liability. Therefore, the Tax Commission upholds the Bureau's modified determination for taxable years 2004, 2005, and 2006.

The Bureau added interest and penalty to Petitioners' tax deficiency. The Tax Commission reviewed those additions and found them appropriate, to the modified deficiency, and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

THEREFORE, the Notice of Deficiency Determination dated September 12, 2011, and directed to [Redacted] is AFFIRMED AS MODIFIED by this decision.

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>
2004	\$502	\$126	\$217	\$ 845
2005	541	135	202	878
2006	278	70	86	434
			TOTAL DUE	<u>\$2,157</u>

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

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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.

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