

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 24872
[Redacted],)	
)	
Petitioner.)	DECISION
_____)	

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated February 8, 2012, issued by the Tax Discovery Bureau of the Idaho State Tax Commission for taxable year 2008 in the total amount of \$633. Petitioner argued that he did not receive a 1099-G for unemployment compensation, so he could not include it on his income tax return. Petitioner asked that the matter be reviewed by the Tax Commission’s legal department. 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] added additional income omitted on Petitioner’s 2008 income tax return. The Tax Discovery Bureau (Bureau) reviewed the [Redacted] adjustment and determined Petitioner omitted the same income on his 2008 Idaho income tax return as well. The Bureau adjusted Petitioner’s Idaho income tax return, and sent him a Notice of Deficiency Determination.

Petitioner protested the Bureau’s determination stating that he reported all the income he received 1099 and W-2 forms for. Petitioner stated he asked for a copy of the missing form 1099-G, but no one ever provided him with a copy. Petitioner commented that since he did not receive the form 1099-G, he does not believe he owes tax on that amount.

The Bureau acknowledged Petitioner's protest and explained that if he received the income it was taxable. Nevertheless, Petitioner asked that the matter be reviewed by the Tax Commission's legal staff, so the Bureau referred the matter for administrative review.

The Tax Commission sent Petitioner a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. Petitioner did not respond. Therefore, the Tax Commission decided the matter 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 [Redacted] 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 [Redacted] tax, or be subject to penalty.

The Bureau received information from the [Redacted] that a change had been made to Petitioner's 2008 [Redacted] income tax return. The Bureau reviewed the information and determined the changes to Petitioner's [Redacted] return were applicable to Petitioner's 2008 Idaho individual income tax return. Petitioner's only argument is that he did not receive the form 1099-G, the Bureau claimed was additional income for Petitioner.

The form 1099-G omitted on Petitioner's 2008 Idaho individual income tax return was unemployment compensation paid to Petitioner by the Idaho Department of Labor. Petitioner stated he did not receive the form 1099-G; although Petitioner did not deny receiving

unemployment compensation in 2008. Petitioner's argument centers on the fact that he did not receive the form 1099-G, and therefore the income should not be taxed. This argument is totally devoid of merit.

Internal Revenue Code section 85 states in pertinent part:

In the case of an individual, gross income includes unemployment compensation. Consequently, if Petitioner received unemployment compensation, it is included in his taxable income, regardless of whether he received a form 1099-G.

Considering the statements Petitioner made to the Bureau about receiving his mail (being forwarded through his uncle in another state), and the fact that Petitioner failed to respond to the Tax Commission's hearing rights letter, the Tax Commission can understand why Petitioner may not have received the form 1009-G from the Idaho Department of Labor. Nevertheless, the unemployment compensation is part of Petitioner's income and taxable by Idaho.

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 did not meet his burden. The adjustment the Bureau made to Petitioner's 2008 Idaho income tax return mirrored the change to Petitioner's [Redacted] taxable income. The Tax Commission reviewed the adjustment and found it 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 Petitioner's tax deficiency. The Tax Commission reviewed the addition of the penalty and found it appropriate.

The Bureau also added interest to Petitioner's 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 February 8, 2012, and directed to [Redacted] is AFFIRMED.

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>
2008	\$532	\$27	\$97	\$656

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 _____ 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.
