

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 24876
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

[Redacted] (Petitioners) protested the Notice of Deficiency Determination dated March 19, 2012, for taxable year 2008 asserting additional income tax, penalty, and interest in the total amount of \$4,337. Petitioners disagreed that the [Redacted] had made a final determination on their 2008 [Redacted] income tax return. The Tax Commission having reviewed the file and the additional information Petitioners provided, hereby issues its decision.

BACKGROUND

The Income Tax Audit Bureau (Bureau) received information from the [Redacted] that a change was made to Petitioners' 2008 [Redacted] income tax return. The Bureau reviewed the changes the [Redacted] made and determined Petitioners' Idaho income tax return should be adjusted. The Bureau adjusted Petitioners' Idaho income tax return and sent them a Notice of Deficiency Determination. Petitioners appealed the Bureau's determination, stating they were seeking a redetermination of the [Redacted] audit. Petitioners stated the matter was with the [Redacted] for review of the actions taken by the [Redacted]. The Bureau acknowledged Petitioners' protest and referred the matter for administrative review.

The Tax Commission sent Petitioners a letter stating that their case was transferred for administrative review, and that the matter would be put on hold pending a final [Redacted] determination, provided they could show the matter was still being considered by the [Redacted]. Petitioners did not respond to the Tax Commission's letter; nevertheless, the Tax Commission

put the matter on hold after a review of Petitioners' [Redacted] transcript showed additional action taking place at the [Redacted] level.

About a year later, the Tax Commission obtained another account transcript from the [Redacted]. The account transcript showed an adjustment was made to the [Redacted] audit and that the matter was likely resolved with the [Redacted]. The Tax Commission sent Petitioners a letter requesting a copy of the final [Redacted] determination so the matter could be resolved with the state. Petitioners responded with a copy of the corrections and/or adjustments the [Redacted] made to its original audit.

LAW AND ANALYSIS

Idaho Code section 63-3002 states the intent of the Idaho Legislature regarding the Idaho Income Tax Act. It states that the Idaho Act is to be identical to the Internal Revenue Code as it relates to the measurement of taxable income, in so much as that the taxable income reported to Idaho is the same as that reported to the [Redacted], subject to the modifications contained in the Idaho law. Therefore, any changes to Petitioners' [Redacted] taxable income should also be made to Petitioners' Idaho taxable income.

CONCLUSION

Petitioners' 2008 [Redacted] income tax return was audited and adjusted by the [Redacted]. The [Redacted] audit was subsequently modified through the [Redacted] administrative appeal process. Since the [Redacted] made its redetermination and Petitioners have apparently agreed with the redetermination, Petitioners' 2008 Idaho income tax return should be adjusted to agree with the final [Redacted] determination.

THEREFORE, the Notice of Deficiency Determination dated March 19, 2012, and directed to [Redacted] is hereby **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>
2008	\$3,236	\$162	\$608	\$4,006

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.
