

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 25192
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

The Idaho State Tax Commission’s (Commission) Tax Discovery Bureau (TDB) issued a Notice of Deficiency Determination to [Redacted] proposing additional income tax, penalty, and interest for taxable year 2008 in the total amount of \$1,002. The petitioners filed a timely petition for redetermination (petition). The petitioners were informed of their appeal rights. The Commission, having reviewed the file, hereby issues its decision.

In 2009, the petitioners filed their Idaho Income Tax Return for taxable year 2008.

On January 3, 2012, the TDB sent the petitioners a letter notifying the petitioners that their 2008 Idaho resident income tax return interest income, nonemployee compensation, and self-employment tax deduction was adjusted pursuant to information the Commission received from the [Redacted]. As a result of these adjustments, the TDB asserted that the petitioners owed an additional tax of \$843, a \$42 section 63-3046(a), Idaho Code, negligence penalty, and \$117 in interest, pursuant to section 63-3045(c), Idaho Code, for a total amount due of \$1,002.¹

The letter was subsequently followed up with the issuance of the Notice of Deficiency Determination (NODD) on February 13, 2012.

¹ References to Idaho income statutes refer to those Idaho statutes in place for taxable year 2008, unless otherwise stated.

When the petitioners filed their 2008 Idaho income tax return, the petitioners received a refund of grocery credit net of the ten dollar (\$10) permanent building fund tax as shown in the first column of Table 1 below. Due to the TDB adjustments in the NODD, the TDB asserts that the petitioners actually owed Idaho income tax for 2008 in the amount of \$843, as shown in Table 1, Column C. In 2008, since the petitioners' Idaho taxable income is greater than \$1,000, and neither of the petitioners is over the age of 65, the petitioners are entitled to claim a grocery credit of \$30 per dependent. Since the petitioners claimed five (5) dependency exemptions, the grocery credit would total \$150. Thus, in Table 1, Column E, the NODD is modified to reflect a grocery credit totaling \$150.

Table 1	(A)	(B)	(C)	(D)	(E)
Idaho Taxable Income and Tax	Idaho Form 40	TDB Adj.	Per NODD	Adj.	Per Decision
Wages	\$10,775		\$10,775		\$10,775
Interest		121	121		121
Federal Sch. C gross income	100,063	31,231	131,294		131,294
Federal Sch. C cost of goods sold	-13,684		-\$13,684		-\$13,684
Federal Sch. C expenses	-81,428		-\$81,428		-\$81,428
Self-employment deduction	-350	-2,206	-2,556		-2,556
Standard deduction	-10,900		-10,900		-10,900
Exemptions	-17,500		-17,500		-17,500
Idaho Taxable income	<u>-\$13,024</u>		<u>\$16,122</u>		<u>\$16,122</u>
Idaho Income Tax	\$0		\$763		\$763
Withholdings	0		0		0
Permanent Building Fund tax	10		10		10
Grocery Credit	-200	80	-120	-30	-150
Tax due or (refund)	<u>-\$190</u>		653		623
Amount previously refunded			190		190
Income tax owed per NODD			<u>\$843</u>		
Income tax owed per this decision					<u>\$813</u>

In April 2012, the petitioners' timely filed their petition. The petition was filed on behalf of the petitioners by their accountant. In the petition, their accountant provided the following information:

[The husband] has been working in [Redacted], so was unaware of this until he returned home last week, thus the late response. [The husband] was given a POA for his wife's signature, but I have not received it to meet the 63 day deadline. His wife is working through some medical issues which will require a liver transplant, so she has not been mentally focused to deal with this on her own will [sic] [the husband] is away working.

Additionally, in the petition, the accountant promised to send an Idaho Power of Attorney to the TDB identifying the accountant as the petitioners' representative.

Having not received the Idaho Power of Attorney, the TDB sent a letter to the petitioners in June and July 2009, attempting to resolve the petition. Receiving no response from the petitioners, the TDB submitted the petitioners' petition into the Commission's appeals process.

In September 2012, the petitioners were notified of their appeals rights, and having received no response from the petitioners, the Commission hereby issues its determination in this matter.

As of the date of this decision, the petitioners have not provided any information that would resolve this case in the petitioners' favor for the taxable year at issue. It is the petitioners' burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State Dept. of Revenue, 106 Idaho 810, 814, (1984); Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574 (Ct. App. 1986). Since the petitioners have not met this burden of proof showing that the NODD prepared by the TDB is incorrect, the Commission upholds the TDB's determination as modified within this decision.

THEREFORE, the NODD dated February 13, 2012, and directed to the petitioners, is MODIFIED, AFFIRMED, and MADE FINAL.

IT IS ORDERED, and THIS DOES ORDER, that the petitioners pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
2008	\$813	\$41	\$149	\$1,003

Interest is calculated through July 15, 2013, and will continue to accrue at the rate set forth in section 63-3045(6)(c), Idaho Code.

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.
