

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

|                                 |   |                  |
|---------------------------------|---|------------------|
| In the Matter of the Protest of | ) |                  |
|                                 | ) | DOCKET NO. 25217 |
| [Redacted],                     | ) |                  |
|                                 | ) |                  |
| Petitioner.                     | ) | DECISION         |
| _____                           | ) |                  |

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated August 22, 2012, for taxable year 2010 asserting additional income tax and interest in the total amount of \$1,431. Petitioner stated he disagreed with the [Redacted] determination and that the information he provided supports the deduction claimed. The Tax Commission, having reviewed the file and the additional information Petitioner provided, hereby issues its decision.

**BACKGROUND**

The Income Tax Audit Bureau (Bureau) received information from the [Redacted] that a change was made to Petitioner’s 2010 [Redacted] income tax return. The Bureau reviewed the changes the [Redacted] made and determined Petitioner’s Idaho income tax return should also be adjusted. The Bureau adjusted Petitioner’s Idaho income tax return and sent him a Notice of Deficiency Determination. Petitioner appealed the Bureau’s determination and provided the same documentation he submitted to the [Redacted] upon receiving its determination. The Bureau acknowledged Petitioner’s protest and referred the matter for administrative review.

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

Ten months passed with no additional updates from Petitioner. The Tax Commission sent Petitioner a letter requesting verification that the [Redacted] was reconsidering its audit of Petitioner's 2010 [Redacted] income tax return. Petitioner did not respond. The Tax Commission obtained Petitioner's account transcript from the [Redacted] to determine if any changes were made. Petitioner's account transcript showed no changes to the [Redacted] audit. In fact, the only update to Petitioner's account transcript is that Petitioner's current year refunds have been used to offset the audit deficiency. At this time, it appears the [Redacted] has made its final determination.

### **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 Petitioner's [Redacted] taxable income should also be made to Petitioner's Idaho taxable income.

Generally, when the Tax Commission receives information from the [Redacted] that an audit adjustment was made to a taxpayer's [Redacted] income tax return, the Tax Commission follows the [Redacted] audit and does not deviate from the audit adjustments made, unless there is a modification in the Idaho Code. If a taxpayer protests the corresponding Idaho adjustment, the Tax Commission requires verification the [Redacted] changed its audit adjustment. In this case, Petitioner provided no such information, nor did Petitioner's transcript show any changes made or pending to the [Redacted] audit.

**CONCLUSION**

Petitioner’s 2010 [Redacted] income tax return was audited and adjusted by the IRS. The Bureau reviewed the [Redacted] audit and made only those corrections that were applicable to Petitioner’s Idaho income tax return. Petitioner provided information in support of the deductions claimed, but did not provide any information showing the [Redacted] was reconsidering its audit or that a change was made to the [Redacted] audit. Petitioner has not met his burden of proof. *See Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986).

The Tax Commission reviewed the adjustment made to Petitioner’s Idaho income tax return and found it in line with the [Redacted] audit and Idaho law. Therefore, the Tax Commission hereby upholds the Bureau’s determination.

The Bureau added interest to Petitioner’s tax deficiency. The Tax Commission reviewed that addition and found the addition appropriate and in accordance with Idaho Code section 63-3045.

THEREFORE, the Notice of Deficiency Determination dated August 22, 2012, and directed to [Redacted] is hereby AFFIRMED.

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

| <u>YEAR</u> | <u>TAX</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|-----------------|--------------|
| 2010        | \$1,360    | \$181           | \$1,541      |

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 \_\_\_\_\_ 2014.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2014, 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.