

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 25543
[Redacted],	)	
	)	
Petitioners.	)	DECISION
_____	)	

[Redacted] and [Redacted] (Petitioners) protested the Notice of Deficiency Determination dated September 28, 2012, asserting income tax, penalty, and interest in the total amount of \$14,190 for taxable years 2007 and 2008. Petitioners disagreed with the Tax Discovery Bureau’s (Bureau) determination of their 2008 Idaho taxable income. The Tax Commission, having reviewed the file, hereby issues its decision.

**BACKGROUND**

The Bureau received information that Petitioners may have had a requirement to file Idaho individual income tax returns for taxable years 2007 and 2008. The Bureau searched the Tax Commission’s records and found Petitioners had not filed Idaho income tax returns for those years. The Bureau sent Petitioners a letter asking about their requirement to file Idaho income tax returns. Petitioners did not respond. The Bureau obtained additional information from the [Redacted] and determined Petitioners were required to file Idaho individual income tax returns for both 2007 and 2008. The Bureau prepared income tax returns for Petitioners and sent them a Notice of Deficiency Determination.

Petitioners protested the Bureau’s determination for taxable year 2008, stating they had some discrepancy with the tax due for that year. Petitioners stated they were dealing with a terminal illness in the family and they needed to collect their tax records from [Redacted]. Petitioners asked for a 30-day extension to respond with additional information.

Petitioners subsequently provided a copy of their [Redacted] income tax return and copies of their W-2 Wage and Tax statements. The Bureau reviewed the information and modified its original determination to incorporate the information Petitioners provided. The Bureau sent its modified determination to Petitioners, showing a corrected amount of tax owed. The Bureau included with its modified determination a request that Petitioners withdraw their appeal. Petitioners did not respond. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioners a letter restating the audit and its subsequent modification. The letter asked Petitioners to withdraw their appeal if they agreed with the modified audit. Petitioners were also given the option of continuing their appeal by choosing one of the methods available for redetermining a protested Notice of Deficiency Determination. Petitioners failed to respond, so the Tax Commission decided the matter based upon the information available.

### **LAW AND ANALYSIS**

Idaho Code section 63-3030 states the income thresholds for residents of Idaho and part-year residents of Idaho. The Bureau determined Petitioners were part-year residents in 2007 and full-year residents in 2008. Petitioners did not disagree with the Bureau's determination for taxable year 2007. Petitioners disagreed with the tax calculated for taxable year 2008. Therefore, this decision concentrates on taxable year 2008 and how Petitioners' Idaho tax was determined.

Petitioners received income in the form of wages from the [Redacted] in 2008. The majority of that income is attributed to Idaho on Petitioners' W-2 Wage and Tax statements.

Petitioners' wages exceeded Idaho's threshold for filing an individual income tax return, therefore, Petitioners were required to file a 2008 Idaho income tax return.

The Bureau's initial determination of Petitioners' Idaho taxable income came from the [Redacted] income tax return Petitioners filed with the [Redacted]. The return the Bureau prepared lacked only Idaho withholding information. After Petitioners protested, Petitioners provided copies of their [Redacted] income tax return and their W-2s. The Bureau used that information to complete Petitioners' 2008 return by adding the Idaho withholdings documented on Petitioners' W-2 statements.

Petitioners did not respond to the Bureau's modified determination and have made no further contact with the Tax Commission. 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 their burden by submitting copies of their W-2 statements. However, after the Bureau incorporated that information into its determination, Petitioners stopped all further correspondence with the Bureau and the Tax Commission.

The Tax Commission reviewed the 2008 return the Bureau prepared for Petitioners and found it to be an accurate representation of Petitioners' Idaho taxable income.

### **CONCLUSION**

Petitioners became Idaho residents in 2007 and received income in excess of Idaho's filing requirements in both 2007 and 2008. Petitioners were required to file Idaho individual income tax returns for those taxable years. Petitioners did not contest the 2007 return the Bureau prepared, but they did contest the 2008 return, which mirrored Petitioners' [Redacted] income

tax return. Idaho Code section 63-3002 requires Idaho taxable income to be identical to [Redacted]taxable income, except for certain Idaho modifications. Therefore, the Tax Commission finds Petitioners' 2008 Idaho income tax return, as prepared by the Bureau, is an accurate depiction of Petitioners' Idaho taxable income. And, with the addition of Petitioners' Idaho withholdings, the Bureau's modified determination of Petitioners' Idaho tax is correct.

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

THEREFORE, the Notice of Deficiency Determination dated September 28, 2012, and directed to [Redacted] and [Redacted] is AFFIRMED as MODIFIED.

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>
2007	\$ 172	\$ 43	\$ 44	\$ 259
2008	6,964	1,741	1,607	<u>10,312</u>
			TOTAL DUE	\$10,571
			AMOUNT PAID	<u>260</u>
			BALANCE DUE	<u>\$10,311</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 \_\_\_\_\_ 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.

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