

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 25640
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On February 7, 2013, the Income Tax Audit Division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] [Redacted] (taxpayers) proposing additional income tax, penalty, and interest for taxable years 2005 through 2008, in the total amount of \$49,942.

On February 19, 2013, the Commission received from the taxpayers, amended returns for taxable years 2006 through 2008, which were considered to be a timely protest and petition for redetermination. The taxpayers did not submit an amended return for taxable year 2005 and have paid the amount asserted in the NODD for 2005 in full. The taxpayers have not requested a hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision affirming the NODD.

The taxpayers were issued an NODD by the Commission pursuant to [Redacted] redetermination of their income. The Commission received the [Redacted] audit from the [Redacted] showing that they had increased the taxpayers' [Redacted] taxable income. The Commission found that the auditor correctly recomputed the taxpayers' tax liability pursuant to the [Redacted] redetermination.

Upon receipt of the amended returns, the Commission requested documentation from the taxpayers showing that the [Redacted] had accepted the amended returns and/or that the original audit adjustments had been modified. The taxpayers did not respond. The Commission informed the

taxpayers the amended returns were not being accepted and their file was being transferred to the Legal/Tax Policy Division for continuation of the appeals process.

On May 31, 2013, the Commission notified the taxpayers' appointed representative that the file had been transferred, and again requested copies of any documentation from the [Redacted] that showed the amended returns were accepted or that the original audit had been modified. The representative responded on June 5, 2013, stating that the [Redacted] was still considering the taxpayers' claim for refund. The Commission had no further contact with the representative, nor did it receive any additional documentation. A follow-up letter was sent on June 12, 2014, which the representative responded to with a phone message stating that the [Redacted] had not accepted the amended returns submitted by the taxpayers and that there had been no adjustments made to the original [Redacted] audit.

Idaho Code § 63-3002 states that it is the intent of the Idaho legislature to make the Idaho income tax code identical to the Internal Revenue Code in the way taxable income is determined. Idaho Code § 63-3069 states that, upon a final determination of any deficiency or refund of federal taxes, written notice shall be immediately sent to the State Tax Commission by the taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 states that immediate notification is within 60 days of the final determination.

From the cited Idaho Code sections and the Administrative Rule, it is apparent the Idaho legislature intended any changes made to the taxpayers' [Redacted] return be reflected on the taxpayers' Idaho return. Therefore, it is the Commission's position that the changes made to the taxpayers' [Redacted] return must be made to the taxpayers' state return.

Since the taxpayers have not provided the Commission with a contrary result to the [Redacted]'s original redetermination, the Commission must uphold the deficiency as asserted.

THEREFORE, the NODD dated February 7, 2013, and directed to [Redacted] [Redacted] is hereby APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$10,836	\$542	\$3,938	\$15,316
2006	18,475	924	6,643	26,042
2007	4,407	220	1,277	5,904
2008	3,124	156	705	<u>3,985</u>
			TOTAL PAID	(15,316)
			TOTAL DUE	<u>\$35,931</u>

Interest is calculated through September 30, 2014.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is enclosed.

DATED this _____ day of _____ 2014.

IDAHO STATE TAX COMMISSION

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.
