

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 25653
)
)
Petitioners.) DECISION
)
_____)

[Redacted] and [Redacted] (Petitioners) protested the Notice of Deficiency Determination dated January 26, 2012, asserting income tax, penalty, and interest for taxable years 2007 through 2009, in the total amount of \$17,551. Petitioners disagreed with the Tax Discovery Bureau’s determination of their Idaho tax for each of the years. Petitioners stated their circumstances forced the need for additional time to prepare and file their income tax returns. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

As part of the review of the Tax Commission’s records, the Tax Discovery Bureau (Bureau) found that Petitioners stopped filing Idaho individual income tax returns after filing their 2006 income tax return. The Bureau reviewed other information available to the Tax Commission and found Petitioners likely had a requirement to file Idaho income tax returns for taxable years 2007 through 2009. The Bureau sent letters to Petitioners asking about their requirement to file Idaho individual income tax returns. When Petitioners failed to respond, the Bureau obtained additional information from the [Redacted] and determined Petitioners were required to file Idaho income tax returns. The Bureau prepared income tax returns for petitioners and sent them a Notice of Deficiency Determination.

Petitioners protested the Bureau’s determination, stating the completion of their income tax returns was significantly slowed down due to personal injuries. Petitioners stated their 2007

return was nearly complete and additional time was needed to complete the preparation for their 2008 and 2009 returns. Petitioners stated the tax due on their actual income tax returns would differ greatly from the amounts stated on the Notice of Deficiency Determination.

The Bureau allowed Petitioners additional time to submit their returns, and Petitioners submitted their 2007 return, which the Bureau accepted, and cancelled from the Notice of Deficiency Determination. However, because Petitioners' 2007 return was the only income tax return submitted within a reasonable time, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioners a letter discussing the methods available for redetermining a protested Notice of Deficiency Determination. Petitioners contacted the Tax Commission and stated it was still their intent to prepare and file the remaining income tax returns. Petitioners stated their lives have become more complicated because of their [Redacted], [Redacted], and a [Redacted]. Petitioners stated they were working with an accountant to get their returns prepared and asked for more time to get the returns completed. The Tax Commission agreed to give Petitioners additional time and within 90 days, Petitioners submitted their 2008 and 2009 Idaho individual income tax returns.

The Tax Commission reviewed Petitioners' 2008 and 2009 income tax returns and found the returns represented Petitioners' taxable income better than the returns prepared by the Bureau. Therefore, the Tax Commission accepts Petitioners' returns in lieu of the returns the Bureau prepared.

CONCLUSION

Petitioners were required to file Idaho income tax returns for the taxable years 2008 and 2009, and after some prompting, Petitioners filed their income tax returns. The Tax Commission

reviewed Petitioners' returns and found them a better representation of Petitioners' Idaho taxable income than the returns prepared by the Bureau. Therefore, the Tax Commission accepts Petitioners' returns, subject to the normal review process of the Tax Commission.

Petitioners' 2008 and 2009 income tax returns resulted in a refund to Petitioners. Generally, Petitioners would not be entitled to the refunds shown on their 2008 and 2009 income tax returns because the returns were received after the statute of limitations for crediting or issuing a refund. However, in this case the statute of limitations was suspended because the Notice of Deficiency Determination was issued before the statute of limitations expired and Petitioners protested the Notice of Deficiency Determination (see Idaho Code section 63-3072(i)). Therefore, Petitioners are entitled to their 2008 and 2009 refunds.

THEREFORE, the Notice of Deficiency Determination dated January 26, 2012, and directed to [Redacted] and [Redacted] is CANCELLED.

IT IS ORDERED that Petitioners receive the following refunds:

<u>YEAR</u>	<u>TAX</u>	<u>TOTAL</u>
2008	\$(1,260)	\$(1,260)
2009	(20)	<u>(20)</u>
	TOTAL REFUND	<u>\$(1,280)</u>

An explanation of the Petitioners' 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.
