

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 25957
)
)
Petitioners.) DECISION
)
_____)

On September 19, 2013, the Income Tax Audit division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] and [Redacted] (taxpayers) proposing additional income tax, penalty, and interest for taxable years 2009 through 2011, in the total amount of \$8,291.

A timely protest and petition for redetermination was filed by the taxpayers. 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 an [Redacted] redetermination of their income. The Commission received the [Redacted] audit from the [Redacted] showing that they had reduced or eliminated various itemized deductions claimed on the taxpayers' Schedule A for each of the aforementioned years. The Commission found that the auditor correctly recomputed the taxpayers' Idaho income tax liability pursuant to the [Redacted] redetermination.

The protest letter sent by the taxpayers requested an investigation into the amount of Idaho tax owed because, according to the taxpayers, the vast majority of the income shown on the NODD was received from states other than Idaho. [Redacted] also stated in the protest letter that he was an [Redacted] resident. No mention was made of the disallowance of the employee business expenses that resulted in the increased amount of tax due. The protest was acknowledged and the taxpayers

were asked to provide documentation showing any changes to the original audit by the [Redacted] or any other information they would like the Commission to consider.

To date, the taxpayers have not provided any documentation from the [Redacted] that shows the [Redacted] NODD was changed. A review of [Redacted] records shows no changes to the original audit adjustments and the taxpayers have not provided any information to substantiate [Redacted] statement that he was not a resident, nor have they submitted amended returns asserting a change in their residency status. Based on the information available to the Commission and the income tax returns filed by the taxpayers, they are Idaho residents.

Idaho Code § 63-3002 states 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 [Redacted] 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 to 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.

Following the Idaho Code, the adjustments should be made to the taxpayers' Idaho income tax return. The taxpayers carry the burden to prove the adjustments were incorrect. The Commission's position is that the taxpayers must be granted relief at the [Redacted] level before relief can be granted at the state level.

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

THEREFORE, the Notice of Deficiency Determination dated September 19, 2013, and directed to [Redacted] and [Redacted], is hereby APPROVED and MADE FINAL.

IT IS ORDERED that the taxpayers pay the following amount of tax, penalty and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$2,091	\$105	\$334	\$2,530
2010	2,465	123	278	2,866
2011	2,692	135	195	<u>3,022</u>
			TOTAL DUE	<u>\$8,418</u>

Interest is calculated through May 9, 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.
