

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 26060
[Redacted],)	
)	
Petitioner.)	DECISION
_____)	

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated September 13, 2013, issued by the Income Tax Audit Bureau of the Idaho State Tax Commission for taxable year 2010 in the total amount of \$1,739. Petitioner disagreed with the Notice of Deficiency Determination and provided a copy of her 2010 return she supposedly amended with the [Redacted]. The submission of the return implied the matter was not completely settled with the [Redacted]; however, Petitioner failed to show the matter was under consideration by the [Redacted]. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

The issue in this case is a [Redacted] audit that the Tax Commission followed wherein the [Redacted] increased Petitioner’s gross income, disallowed a dependent exemption, and changed Petitioner’s filing status. The Income Tax Audit Bureau (Bureau) reviewed the [Redacted] adjustments and determined the adjustments were applicable to Petitioner’s 2010 Idaho income tax return. The Bureau adjusted Petitioner’s Idaho return and sent her a Notice of Deficiency Determination.

Petitioner’s response to the Notice of Deficiency Determination was a statement that she filed bankruptcy and copies of her 2010, 2011, and 2102 [Redacted] income tax returns. The Bureau reviewed Petitioner’s 2010 return and found it did not agree with the [Redacted] adjustments the Bureau was following. The Bureau considered Petitioner’s 2010 [Redacted]

return as an amended return to the [Redacted] audit and asked Petitioner to verify that the [Redacted] was reconsidering its audit adjustments. Petitioner did not respond, so the Bureau requested information from the [Redacted]. The information obtained showed a second return was submitted to the [Redacted] but no action had been taken. The Bureau held onto Petitioner's case for several months, awaiting changes from the [Redacted] or verification from Petitioner. Nothing came from Petitioner and the [Redacted] was seemingly not acting on Petitioner's submitted return. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioner a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. The letter also stated that since the Bureau's adjustments to Petitioner's Idaho income tax return were based on an [Redacted] audit, Petitioner would need to show that the [Redacted] reconsidered its position. Petitioner did not respond. Nevertheless, the Tax Commission, knowing these matters take time to be resolved at the [Redacted] level, put the matter on hold.

Two weeks shy of a year later, the Tax Commission requested additional information from the [Redacted]. The information showed the [Redacted] did act on Petitioner's second return. In fact, the [Redacted] accepted the second return and adjusted its audit adjustments to match what Petitioner reported on the second return.

LAW AND ANALYSIS

Idaho Code section 63-3002 states it is the intent of the Idaho legislature to make the provisions of the Idaho income tax act identical to the provisions of the Internal Revenue Code relating to the measurement of taxable income, subject only to modifications contained in the Idaho law. It follows, then, that the intent of the Idaho legislature is to follow a [Redacted] determination of taxable income. Further affirmation of the legislature's intent is found in Idaho

Code section 63-3069 which requires taxpayers to immediately send written notice to the Tax Commission upon a final determination of a deficiency in [Redacted] tax or be subject to penalty.

The Bureau received information from the [Redacted] that a change had been made to Petitioner's 2010 [Redacted] income tax return. The Bureau correctly changed Petitioner's 2010 Idaho individual income tax return to reflect the [Redacted] change. However, subsequent to the [Redacted] audit, Petitioner submitted a second or amended return to the [Redacted], which the [Redacted] accepted by modifying its audit adjustments to conform to the amended return. Seeing that Petitioner's [Redacted] taxable income was further changed by the [Redacted], it is appropriate and in accordance with the law that the Tax Commission change Petitioner's Idaho taxable income.

CONCLUSION

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). Although Petitioner did not meet her burden, the information available as of March 16, 2015, showing the [Redacted] changed its audit adjustments, is sufficient to change or correct the Bureau's notice of deficiency determination. Therefore, the Tax Commission accepts Petitioner's amended 2010 [Redacted] income tax return as the true and accurate report of Petitioner's [Redacted] taxable income.

The Bureau added the penalty of Idaho Code section 63-3069 to Petitioner's tax deficiency. The Tax Commission reviewed the addition of the penalty and found it appropriate as to the modified tax deficiency.

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

THEREFORE, the Notice of Deficiency Determination dated September 13, 2013, and directed to [Redacted] is AFFIRMED as MODIFIED.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$128	\$10	\$22	\$160

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 _____ 2015.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2015, 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.
