

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
) DOCKET NO. 30757
[Redacted] & [Redacted],)
)
)
) Petitioners.) DECISION
)
_____)

On November 5, 2013, the Income Tax Audit Division (Audit) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] and [Redacted] (petitioners) proposing additional income tax, penalty, and interest for taxable years 2000 through 2002, and taxable years 2004 and 2005, in the total amount of \$254,066.

On December 20, 2013, the Commission received a timely protest and petition for redetermination from the taxpayers’ appointed representative. The taxpayers have not requested an informal hearing, but subsequent to the appeal letter, petitioners did provide copies of the additional documentation for the Commission’s consideration. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision.

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 they had increased the taxpayers’ taxable income through adjustments to the taxpayers’ Schedule A, Schedule C, and to the amount of capital gains reported.

The petitioners’ appointed representative submitted a timely appeal of the NODD and requested the matter be held in abeyance for 90 days to allow a review of the petitioners’ tax records and the [Redacted] audit. Several extensions of time were granted to allow petitioners and their representative an opportunity to resolve the matter with the [Redacted]. On June 4, 2014, the petitioners’ representative forwarded documentation from the [Redacted] for taxable years 2000

through 2002 and for taxable years 2004 and 2005. Based on this [Redacted] information, Audit adjusted the NODD and sent the petitioners a modified audit report dated June 9, 2014. Audit received no further correspondence from either the petitioners or their representative. The file was transferred to the Legal/Tax Policy Division for continuation of the appeals process.

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 immediately be sent to the State Tax Commission by the taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 states that immediate notification is to be 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 the changes made to the taxpayers' [Redacted] return must be made to the taxpayers' state return.

THEREFORE, Notice of Deficiency Determination dated November 5, 2013, and directed to [Redacted] and [Redacted], is hereby MODIFIED, and as modified, is APPROVED and MADE FINAL.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$14,905	\$ 745	\$10,529	\$ 26,179
2001	4,835	242	3,315	8,392
2002	51,052	2,553	31,766	85,371
2004	60,671	3,034	30,915	94,620
2005	33,392	1,670	14,997	<u>50,059</u>
			TOTAL DUE	<u>\$264,621</u>

Interest is calculated through June 1, 2015.

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 _____ 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.
