

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 31141 |
| [Redacted], |) | |
| |) | |
| Petitioners. |) | DECISION |
| _____ |) | |

On November 7, 2013, the Income Tax Audit Division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers) proposing additional income tax, penalty, and interest for taxable year 2010 in the total amount of \$1,963.

A timely protest and petition for redetermination was filed by the taxpayers’ representative. The taxpayers have not requested a hearing. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision modifying 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 taxable year 2010. The Commission found that the auditor correctly recomputed the taxpayers’ Idaho income tax liability pursuant to the [Redacted] redetermination.

The taxpayers’ representative protested the action and stated that they had filed for an audit redetermination with the [Redacted]. 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, however, a review of [Redacted] records by the Commission indicates that some of the additional tax assessed by examination has been abated. Therefore, the Tax Commission has modified the NODD to reflect those changes.

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 a recent review of [Redacted] records indicates that some of the additional tax has been abated, the Commission has adjusted the NODD dated November 7, 2013, to reflect those changes.

THEREFORE, the Notice of Deficiency Determination dated November 7, 2013, and directed to [Redacted], is hereby MODIFIED 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> |
|-------------|------------|----------------|-----------------|--------------|
| 2010 | \$1,269 | \$63 | \$190 | \$1,522 |

Interest is calculated through April 15, 2015.

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 _____ 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.
