

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 39213
[Redacted],	)	
	)	
Petitioners.	)	DECISION
_____	)	

On March 19, 2014, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] and [Redacted] (petitioners), proposing additional tax, penalty and interest in the amount of \$31,194 for taxable years 2008 through 2012.

The petitioners filed a timely appeal and petition for redetermination. The petitioners did not request a hearing and have provided no additional information for the Commission’s consideration. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision.

The petitioners timely filed their 2008 through 2012 Idaho individual income tax returns. However, the petitioners did not include on their returns, income from [Redacted], a business for which [Redacted] is the 100% shareholder. [Redacted] did not timely file business returns for the aforementioned years and was notified of the missing returns by the Bureau. When the Bureau was unsuccessful in obtaining the business returns, provisional returns, in the form of an NODD, were prepared based on information in Commission records. The business NODD was issued the same day as the petitioners’ individual NODD, March 19, 2014, and proposed the minimum tax due pursuant to Idaho Code section 63-3025, in addition to penalty and interest. The S-Corporation income was deducted from taxable income and flowed through to the petitioners’ individual NODD. The petitioners protest both NODDs.

The NODD issued to the petitioners showed pass-through income from the provisional returns prepared by the Bureau for [Redacted]. When actual business returns were filed by the petitioners on July 25, 2015, the Bureau revised the individual NODD and notified the petitioners of the changes. Because the actual K-1 information reported negative pass-through income for taxable years 2009 through 2011, the Bureau cancelled the NODD for those years and they will not be mentioned further in this decision. For taxable years 2008 and 2012, the amount of additional tax shown on the NODD was reduced. The petitioners were provided copies of the revised figures and given the opportunity to withdraw their appeal if they were in agreement with the lesser amount of tax due. The petitioners did not withdraw their appeal and the file was transferred to the Legal/Tax Policy Division for administrative review and continuation of the appeals process.

The Tax Policy Specialist sent the petitioners a hearing rights letter to inform them of the alternatives for redetermining a protested NODD. The petitioners did not respond. Therefore, the Commission decides this matter based upon the record as it now stands.

The petitioners' protest letter of the individual NODD simply requested additional time in which to resolve the appeal of the NODD for the business, as that was the basis of the additional income. As previously mentioned, the additional income shown on the original NODD was based upon provisional returns prepared by the Bureau for [Redacted]. When actual returns were filed by [Redacted], the Bureau modified the NODD, reducing the amount of tax due in some years, and cancelling the NODD in other years.

The petitioners have provided nothing that would dissuade the Commission from accepting the Bureau's determination of Idaho income and Idaho income tax for taxable years

2008 and 2012. The penalty and interest additions were calculated in conformity with Idaho Code §§ 63-3045 and 63-3046.

THEREFORE, the Notice of Deficiency Determination dated March 19, 2014, is MODIFIED, and as MODIFIED, is APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$1,018	\$254	\$268	\$1,540
2012	428	107	42	<u>577</u>
			TOTAL DUE	<u>\$2,117</u>

Interest is calculated through October 2, 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.  
  
\_\_\_\_\_