

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-243-901-952
[Redacted] ,)	
)	
Petitioner.)	DECISION
_____)	

On September 16, 2015, the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to **[Redacted]** (taxpayer). The deficiency determination was based upon an adjustment made by the Commission regarding alimony paid. The Commission adjusted the amount of alimony paid to \$3,064.00 from \$4,493.00.

BACKGROUND

The taxpayer, a part-year resident, timely filed his Idaho taxes for the 2014 taxable year and listed \$4,493.00 as alimony paid. The Commission, upon reviewing the taxpayer’s return, adjusted the alimony paid from \$4,493.00 to \$3,064.00 based on Idaho Code § 63-3026A(6) and Idaho Income Tax Administrative Rule 252.04. IDAPA 35.01.01.252.04. This adjustment resulted in a reduced refund by \$93.

On June 23, 2015, the Commission sent the taxpayer a letter advising him of the correction made to the deduction for alimony paid. The taxpayer responded by email protesting said adjustment. The Commission acknowledged taxpayer’s protest, issued a NODD, and sent the matter for administrative review.

The Commission sent the taxpayer a letter providing alternatives for redetermining the protested deficiency determination. This letter required the taxpayer to indicate in writing by December 28, 2015, which alternative he wished to pursue. If he did not respond, the letter clearly stated that “a decision may be issued based on material currently in the file.”

The taxpayer did not respond to said letter. The Tax Commission, having reviewed the file, hereby issues its Decision.

ANALYSIS

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 Comm'n, Dep't of Revenue & Taxation, 110 Idaho 572, 574, 716 P. 2d 1344, 1346 (Ct. App. 1986). Additionally, if a taxpayer feels that the government's method of computation is unfair or inaccurate, the burden is on him to show evidence of such unfairness or inaccuracy. DiLeo v. Comm'r of Internal Revenue, 96 T.C. 858, 870 (1991) (internal citations omitted). Here, the taxpayer failed to meet his burden by failing to communicate any legal or factual basis showing the adjustment to be erroneous. Additionally, the taxpayer has not rebutted the presumption that the NODD is correct.

The Idaho legislature passed Idaho Code § 63-3026A, which states that “deductions and adjustments allowed in computing the Idaho taxable income of nonresident and part-year resident individuals, trusts and estates shall be prescribed in the rules of the state tax commission.” The relevant Income Tax Administrative Rule (Rule 252), referring explicitly to alimony payments, states that “[d]eductions that do not relate to specific items of income or to the earning of qualifying income will be allowed in the proportion that Idaho total income bears to federal total income computed without the federal net operating loss deduction.” IDAPA 35.01.01.252.04.

Here, on his Form 43, the taxpayer indicated he had \$37,633 of total income while living in Idaho. His Form 1040 total income, however, was \$94,333. Rule 252 determines a deduction by looking at the proportion Idaho total income bears to federal total income. That proportion is

at .398937, resulting in a deduction of \$3,064 of the total alimony payments of \$7,679 rather than the \$4,493 the taxpayer calculated.

The taxpayer's claimed deduction for alimony did not follow Rule 252.04; therefore, the Commission's correction to taxpayer's Idaho income tax return was appropriate.

CONCLUSION

Because the taxpayer has failed to meet his burden to dissuade the Commission from accepting the aforementioned adjustments for alimony paid, and because the law supports the basis for the NODD, the Commission upholds the adjustment under Idaho Code § 63-3026A(6) and IDAPA 35.01.01.252.04.

THEREFORE, the Notice of Deficiency Determination dated September 16, 2015, and directed to **[Redacted]**, is hereby APPROVED and MADE FINAL.

An explanation of the taxpayer's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2016.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2016, 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.
