

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-270-902-784
[Redacted])	
)	
Petitioner.)	DECISION
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[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated August 25, 2015, for taxable year 2012 asserting additional income tax, penalty, and interest in the total amount of \$604. Petitioner disagreed with the federal audit changing his filing status from head of household and disallowing the dependent exemption deductions for his three nephews. The Tax Commission having reviewed the file, hereby issues its decision.

BACKGROUND

The Tax Discovery Bureau (Bureau) received information from the Internal Revenue Service (IRS) that a change was made to Petitioner’s 2012 federal income tax return. The Bureau reviewed the changes the IRS made and determined Petitioner’s Idaho income tax return should be adjusted as well. The Bureau searched the Tax Commission’s records and found Petitioner failed to file a 2012 Idaho individual income tax return. The Bureau sent Petitioner a letter asking about his 2012 Idaho income tax return. Petitioner did not respond. The Bureau determined Petitioner was required to file a 2012 Idaho income tax return, so the Bureau prepared a return based upon the changes made by the IRS and sent him a Notice of Deficiency Determination.

Petitioner submitted a 2012 Idaho income tax return claiming head of household filing status and three additional dependent exemption deductions. The Bureau reviewed Petitioner’s return and found it contrary to the information obtained from the IRS. The Bureau considered Petitioner’s income tax return a protest and sent a protest acknowledgement letter to Petitioner.

The Bureau also asked Petitioner to provide information showing that the IRS made changes to its audit of Petitioner's 2012 federal income tax return. Petitioner did not respond or provide any additional information. Consequently, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioner a letter stating the methods available for redetermining a protested Notice of Deficiency Determination. The letter also stated that since the returns the Bureau prepared for Petitioner were based on an IRS audit, Petitioner would need to show that the IRS reconsidered its position. Petitioner did not respond. The Tax Commission obtained Petitioner's account transcript from the IRS to determine if any changes were made. Petitioner's account transcript showed no changes to the IRS audit. Petitioner's most recent action regarding the IRS audit was to enter into a payment arrangement. Seeing that the IRS was not reconsidering the audit of Petitioner's 2012 federal income tax return, the Tax Commission decided the matter based upon the information available.

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 federal 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 federal tax or be subject to penalty.

The Bureau received information from the IRS that a change had been made to Petitioner's 2012 federal income tax return. The Bureau reviewed the information and found the changes were applicable to Petitioner's 2012 Idaho individual income tax return; however,

Petitioner failed to file a 2012 Idaho individual income tax return. The Bureau prepared a return for Petitioner and Petitioner failed to show that the return the Bureau prepared was erroneous.

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). Petitioner did not meet his burden. From the information available as of April 4, 2016, the IRS has not changed its audit adjustments to Petitioner's 2012 federal income tax return.

The return the Bureau prepared for Petitioner mirrored Petitioner's 2012 federal taxable income after the federal audit changes. The Tax Commission reviewed the return prepared by the Bureau and found it aligns with the provisions of the Idaho Code. Therefore, the Tax Commission upholds the Bureau's determination of Petitioner's Idaho taxable income.

The Bureau added penalty and interest to Petitioner's tax deficiency. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3046 and 63-3045.

THEREFORE, the Notice of Deficiency Determination dated August 25, 2015, and directed to **[Redacted]** is AFFIRMED.

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>
2012	\$449	\$112	\$55	\$616

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 _____ 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.
