

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 1-788-399-616
<b>[Redacted]</b>	)	
,	)	
	)	
Petitioners.	)	DECISION
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**[Redacted]** (Petitioners) protested the Notice of Deficiency Determination dated May 21, 2015, issued by the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission proposing income tax, penalty, and interest for the taxable years 2011 and 2012 in the total amount of \$16,169. Petitioners disagreed with the Bureau’s computation of their Idaho income tax. Petitioners stated they would file their own Idaho individual income tax returns given additional time. The Tax Commission, having reviewed the file, hereby issues its decision.

**BACKGROUND**

Petitioners failed to file Idaho individual income tax returns in the past wherein the Bureau secured those returns or prepared returns for Petitioners. In following up on Petitioners’ Idaho income tax filings, the Bureau found Petitioners had not filed Idaho income tax returns for taxable years 2011 and 2012. The Bureau sent Petitioners a letter reminding them of their requirement to file Idaho income tax returns. Petitioners did not respond. The Bureau gathered the available information on Petitioners, determined they were indeed required to file Idaho individual income tax returns, prepared income tax returns for Petitioners, and sent them a Notice of Deficiency Determination.

Petitioners protested the Notice of Deficiency Determination stating it was all very confusing since they were working with another Tax Commission department on a collection issue and they believed these years were included. Petitioners asked for a month extension to get

their documents in order to address these taxable years. The Bureau acknowledged Petitioners' protest and allowed them the time requested to file returns or provide additional documentation. However, when the month extension came and went with nothing being received from Petitioners, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioners a letter setting forth two alternative methods for redetermining the Notice of Deficiency Determination. Petitioners requested a hearing which was scheduled for January 28, 2016. However, due to health issues Petitioners were not able to attend the hearing, but after further discussion with Petitioners it was decided that Petitioners would prepare returns and submit them to the Tax Commission. A couple of months and several contacts later, Petitioners delivered their 2011 and 2012 Idaho individual income tax returns to the Tax Commission.

#### LAW AND ANALYSIS

Idaho Code section 63-3030 provides the income threshold for resident individuals for filing Idaho individual income tax returns. From the information gathered by the Bureau and Petitioners' past history with the Tax Commission, it was evident Petitioners were required to file Idaho income tax returns for the taxable years 2011 and 2012. Petitioners initially believed they were not required to file Idaho income tax returns because Mr. [Redacted] only worked in Oregon. But when the Tax Commission explained that residents of Idaho are required to report their income from all sources (Idaho Code section 63-3002), Petitioners agreed that they were required to file Idaho individual income tax returns.

Petitioners prepared and submitted returns for the tax years in question; however, when the Tax Commission reviewed Petitioners' 2011 and 2012 returns, several errors were found. Most of the errors were in how Petitioners computed their credit for taxes paid to Oregon, but

there were also other errors in the amounts carried over from Petitioners' federal income tax returns. The Tax Commission corrected Petitioners' returns which resulted in a decrease in Petitioners' tax for 2011 and an increase in Petitioners' tax for 2012. But overall Petitioners' returns with corrections resulted in significantly less tax than what the Bureau determined. Therefore, the Tax Commission accepts Petitioners' returns, with corrections, subject to the normal review processes of the Tax Commission, in lieu of the returns prepared by the Bureau.

The Bureau added interest and penalty to Petitioners' tax in accordance with Idaho Code sections 63-3045 and 63-3046. The Tax Commission reviewed those additions and found them appropriate as to the corrected tax due amounts.

THEREFORE, the Notice of Deficiency Determination dated May 21, 2015, and directed to **[Redacted]** is AFFIRMED as MODIFIED by this decision.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$1,717	\$429	\$253	\$2,399
2012	1,108	277	122	<u>1,507</u>
			TOTAL DUE	<u>\$3,906</u>

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 \_\_\_\_\_ 2016.

IDAHO STATE TAX COMMISSION

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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.

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