

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-961-906-176
[Redacted] ,)	
)	
Petitioner.)	DECISION
_____)	

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated May 1, 2015, for taxable years 2012 and 2013 asserting additional income tax, penalty, and interest in the total amount of \$1,718. Petitioner disagreed with the federal audit changing his filing status from head of household and disallowing the dependent exemption deduction for his son. The Tax Commission having reviewed the file, hereby issues its decision.

BACKGROUND

The Income Tax Audit Bureau (Bureau) received information from the Internal Revenue Service (IRS) that a change was made to Petitioner’s 2012 and 2013 federal income tax returns. The Bureau reviewed the changes the IRS made and determined Petitioner’s Idaho income tax returns should be adjusted as well. The Bureau adjusted Petitioner’s Idaho returns and sent him a Notice of Deficiency Determination.

Petitioner appealed the Bureau’s determination stating that his son lives with him and since his son lived with him he can legally claim a dependent exemption deduction. Petitioner stated his son is his witness that he lived with Petitioner. Petitioner stated he also has school records showing his son lived with him. The Bureau acknowledged Petitioner’s protest and referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioner a letter stating the options available for redetermining a protested Notice of Deficiency Determination. Petitioner did not

respond to the Tax Commission's letter. Therefore, 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 and 2013 federal income tax returns. The Bureau reviewed the information and found the changes were applicable to Petitioner's Idaho individual income tax returns. Petitioner argued the changes to his returns were not right. Petitioner stated his son lived with him; therefore, he could claim the dependent exemption and the head of household filing status.

Generally, when the Tax Commission receives information from the IRS that an audit adjustment was made to a taxpayer's federal income tax return, the Tax Commission follows the IRS audit and does not deviate from the audit adjustments made, unless there is a modification in the Idaho Code. If a taxpayer protests the corresponding Idaho adjustment, the Tax Commission requires verification the IRS changed its audit adjustment. In this case, Petitioner provided no such information, nor did Petitioner's transcript show any changes made or pending with the IRS. At this time, it appears the IRS has made its final determination.

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. The adjustments the Bureau made to Petitioner’s 2012 and 2013 Idaho income tax returns mirrored the changes made to Petitioner’s federal taxable income. The Tax Commission reviewed the adjustments made to Petitioner’s Idaho income tax returns and found them in line with the federal audit and Idaho law. Therefore, the Tax Commission upholds the Bureau’s determination.

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 63-3069 and 63-3045.

THEREFORE, the Notice of Deficiency Determination dated May 1, 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	\$752	\$38	\$92	\$882
2013	788	39	71	<u>898</u>
			TOTAL DUE	<u>\$1,780</u>

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of 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.
