

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-001-421-312
[Redacted],)	
)	
Petitioner.)	DECISION
_____)	

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated March 1, 2016. Petitioner stated he disagreed with the Internal Revenue Service's (IRS) adjustment to his federal income tax returns. Petitioner stated he is seeking a redetermination from the IRS. The Tax Commission reviewed the file and latest federal information. The Tax Commission found the IRS case resolved, so the Tax Commission likewise resolves this case by deciding the Notice of Deficiency Determination stands.

BACKGROUND

The Income Tax Audit Bureau (Bureau) received information that the IRS changed Petitioner's 2012 and 2013 federal income tax returns. The Bureau reviewed the changes and determined Petitioner's 2012 and 2013, Idaho income tax returns should follow the changes. The Bureau changed Petitioner's Idaho income tax returns and sent him a Notice of Deficiency Determination.

Petitioner protested the Bureau's determination. Petitioner stated he did not agree with the IRS adjustments and asked the IRS for a reconsideration. Petitioner stated the matter was not settled.

The Bureau acknowledged Petitioner's protest. The Bureau asked Petitioner to provide it with updates on the IRS' reconsideration. Petitioner did not give the Bureau any updates. The Bureau got the latest information from the IRS and found that Petitioner had a claim pending. Knowing the Tax Commission would eventually give Petitioner his Idaho appeal rights, the Bureau

referred the matter for administrative review.

The Tax Commission reviewed the file and decided it would take more time for the IRS to make a decision on Petitioner's claim. Six months later, the Tax Commission decided it was time to revisit Petitioner's case. The Tax Commission requested the latest information from the IRS and found that Petitioner's claim was resolved. The Tax Commission sent Petitioner a letter stating its findings and asked him how he wanted to proceed with his Idaho income tax appeal. Petitioner did not respond. Seeing that the matter was resolved with the IRS, the Tax Commission decided to use that information in deciding this case.

LAW AND ANALYSIS

Idaho Code § 63-3002 states the intent of the Idaho Legislature regarding the Idaho Income Tax Act. It states that the Idaho Act is to be identical to the Internal Revenue Code as is relates to the measurement of taxable income, in so much as the taxable income reported to Idaho is the same as that reported to the IRS, subject to the modifications contained in the Idaho law. Therefore, any changes to Petitioner's federal taxable income should also change Petitioner's Idaho taxable income.

The Bureau changed Petitioner's 2012 and 2013 Idaho income tax returns to agree with the adjustments of the IRS audit. Petitioner stated he was seeking a reconsideration of the federal audit. However, since then Petitioner has not provided any further information.

The issue for both tax years is the additional dependent exemptions claimed on Petitioner's income tax returns. The IRS disallowed Petitioner's additional dependent exemptions. The latest information available to the Tax Commission shows the IRS resolved Petitioner's claim for tax year 2012. It also shows that for tax year 2013, the IRS did not change the tax assessed in the audit. The reconsideration Petitioner asked for did not change the IRS' position.

Because the IRS has not changed its ruling or position, the Tax Commission finds no reason to alter the Bureau's determination. Therefore, the Tax Commission upholds the adjustment to Petitioner's 2012 and 2013 Idaho income tax returns.

CONCLUSION

The IRS audited and adjusted Petitioner's 2012 and 2013 federal income tax returns. The Bureau reviewed the audit information and made the applicable changes to Petitioner's Idaho income tax returns. Petitioner did not show that the IRS changed its audit adjustments. Therefore, the Tax Commission upholds the Notice of Deficiency Determination.

The Bureau added the penalty of Idaho Code § 63-3069 to Petitioner's tax deficiency. The Tax Commission reviewed the addition of the penalty and found it appropriate.

The Bureau also added interest to Petitioner's tax. The Tax Commission reviewed that addition and found it appropriate. See Idaho Code § 63-3045.

THEREFORE, the Tax Commission AFFIRMS the Notice of Deficiency Determination dated March 1, 2016, directed to [Redacted] .

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	\$1,705	\$85	\$325	\$2,115
2013	1,359	68	215	<u>1,642</u>
			TOTAL DUE	<u>\$3,757</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 _____ 2018.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2018,
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.
