

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
[Redacted])	DOCKET NO. 1-456-113-664
)	
Petitioners.)	DECISION
_____)	

The Idaho State Tax Commission (Commission) reviewed your case and this is our final decision. We uphold the Notice of Deficiency Determination (Notice) issued by the Tax Discovery Bureau (Bureau) of the Commission dated July 13, 2017. This means **you need to pay \$16,150** of tax, penalty, and interest for taxable years 2011 through 2013. The Commission now DEMANDS immediate payment of this amount.

Based on information in Commission records, the Tax Discovery Bureau (Bureau) had reason to believe that [Redacted] (Petitioners) may be required to file Idaho resident individual income tax returns for the previously mentioned years. The Bureau sent Petitioners a letter asking them about their requirement to file Idaho resident individual income tax returns. Petitioners did not respond. Therefore, the Bureau prepared resident returns on their behalf and sent them a Notice.

Petitioners filed a timely appeal of the Notice, not disputing their requirement to file Idaho resident income tax returns for taxable years 2011 through 2013, but rather disagreeing with the income amounts used to calculate their Idaho income tax. The Bureau acknowledged Petitioners' protest, allowed them more time to file the missing returns, and gave them a more detailed explanation of the income sources used to determine their tax due. Petitioners then ceased communications with the Bureau and when the missing returns did not arrive, the Bureau sent Petitioners' file to the Commission's Appeals unit for administrative review.

As part of the administrative review, the Commission gave Petitioners the opportunity to take part in an informal hearing or provide more information for the Commission's consideration. They did neither. The Commission reviewed the file and now issues its decision.

For each of the years in question, the auditor from the Bureau used information from the Internal Revenue Service (IRS) to determine Petitioners' Idaho income tax liability: Married filing joint filing status, three exemptions in taxable years 2011 and 2012 and two exemptions in taxable year 2013, and an adjusted gross income of \$125,598, \$60,083, and \$37,092, respectively. The Bureau also had information from the IRS that Petitioners omitted income from their 2011 return. Therefore, they included the additional income, from wages, unemployment compensation and debt cancellation, in their calculation of Petitioners' income, bringing their adjusted gross income for 2011 to \$128,742. *See* Idaho Code § 63-3002. The auditor found no Idaho withholding for taxable year 2011.

The Bureau also found income in taxable year 2012 that Petitioners did not include on their federal income tax return. The missing income in this year, totaling \$2,825, was W-2 wages from [Redacted], and additional income reported to Petitioners on form 1099-R. Idaho withholding of \$25 was found and allowed to offset a part of the tax due in taxable year 2012. For taxable year 2013, \$42 of Idaho withholding was allowed as a credit against the amount of Idaho tax due.

On appeal, a deficiency determination issued by the Commission "is presumed to be correct, and the burden is on the taxpayer to show that the Commission's decision is erroneous." *See Parker v. Idaho State Tax Comm'n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010) (citing *Albertson's Inc. v. State Dep't of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). The Commission requires Petitioners provide adequate evidence to show that the amount asserted in

the Notice is incorrect. Petitioners have not set forth any substantive argument or documentation to show that the Notice prepared by the Bureau is incorrect. Therefore, the Commission finds that the amounts shown are correct.

The Notice dated July 13, 2017, and directed to [Redacted] is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest computed to March 8, 2019:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$7,606	\$1,902	\$1,958	\$11,466
2012	2,442	611	539	3,592
2013	759	190	143	<u>1,092</u>
			TOTAL DUE	<u>\$16,150</u>

An explanation of Petitioners' 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.
