BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of [redacted] Petitioner.	))))))	DOCKET NO. 0-079-320-064 DECISION

[redacted] (Petitioner) protested the Notice of Deficiency Determination (Notice) issued by the Idaho State Tax Commission's (Tax Commission) Income Tax Audit (Audit) dated January 15, 2025. Petitioner disputes the Internal Revenue Service's (IRS) adjustment to her Schedule A on her 2020 federal income tax return. The Tax Commission reviewed the matter and hereby upholds the Notice for the reasons stated below.

BACKGROUND

Audit received IRS information showing adjustments to Petitioner's 2020 federal income tax return through the Examination Operational Automation Database (EOAD). The IRS reduced Petitioner's medical and dental expenses and charitable contributions claimed on Schedule A. These reductions lowered her Itemized Deductions below the Standard Deduction, so the IRS applied the Standard Deduction instead. Audit applied the same adjustments to Petitioner's 2020 Idaho individual income tax return and issued a Notice.

Petitioner protested, requesting that the Idaho audit be placed on hold while she disputed the IRS findings. Audit acknowledged the protest and asked for documentation showing the IRS was reconsidering its adjustments. Petitioner provided IRS Form 12661, Disputed Issue Verification, but no additional documentation followed despite several months of communication. After confirming no changes had been made to the IRS audit, Audit referred the case to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent Petitioner a letter stating the options available for redetermining a protested Notice. Petitioner submitted additional documentation for consideration, but she did not request an informal hearing. Appeals reviewed the medical receipts provided, many of which were from tax year 2019, and found the Standard Deduction to be more beneficial.

Appeals then requested information from the IRS and found there was no indication that the IRS made any changes to the EOAD or that reconsideration was pending. The Tax Commission therefore issues its decision based on the information currently available.

LAW AND ANALYSIS

Idaho Code section 63-3002 expresses the Idaho Legislature's intent that the Idaho Income Tax Act conforms to the Internal Revenue Code in measuring taxable income. Accordingly, Idaho requires taxpayers to report the same taxable income as reported to the IRS, subject to modifications contained in the Idaho law. Therefore, any changes to Petitioner's federal taxable income must also apply to her Idaho taxable income.

Idaho Code section 63-3069 states that upon a final determination of any deficiency or refund of federal taxes, written notice shall be immediately sent to the state tax commission by the taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 provides that negligence penalties may be imposed if a taxpayer has not provided the written notice within 120 days of the final determination. Petitioner did not provide any information about the final determination.

From the cited Idaho Code sections and the Administrative Rule, it is clear the Idaho Legislature intended any changes made to the taxpayer's federal tax return to be reflected on the taxpayer's Idaho state tax return. Therefore, it is the Tax Commission's position that the adjustments made to Petitioner's federal return must be made to Petitioner's Idaho income tax return per Idaho Code.

Petitioner has the burden of proving the adjustments were incorrect and she has failed to meet that burden. Since Petitioner has not provided the Tax Commission with a contrary result to the federal redetermination, the Tax Commission must uphold the deficiency as asserted.

The Tax Commission received information from the IRS confirming that Petitioner's Itemized Deductions were reduced and that the Standard Deduction was applied. Because the IRS completed its audit and adjusted Petitioner's federal taxable income, the Tax Commission must apply the same changes to her Idaho income tax return. Audit's adjustment to Petitioner's 2020 Idaho return is consistent with this statutory requirement.

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

THEREFORE, the Notice dated January 15, 2025, and directed to [redacted] is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest calculated per Idaho Code section 63-3045:

YEAR	TAX	PENALTY	INTEREST	TOTAL
2020	$1,871	$94	$283	$2,248

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 _______________________ 2026.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this ________ day of ________________________________ 2026, 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.

____

____