

# IDAHO

State Tax Commission

800 Park Blvd Plaza IV  
PO Box 36 • Boise ID 83722

May 7, 2014

FIRST M & FIRST M LAST  
STREET ADDRESS  
SPIRIT LAKE ID 83869

Reference # XXXXXXXX-01  
XXXXXXXX-01

We adjusted your 2011, 2012 Idaho Individual Income Tax Returns based on information available to us. An explanation of these adjustments and the corresponding computations are attached.

As a result, the following Idaho income tax, penalty, and interest are due:

TAX PERIOD	TAX DUE	PENALTY	INTEREST	TOTAL
12/31/11	\$5,409		\$404	\$5,813
12/31/12	5,420		204	5,624

TOTAL DUE \$11,437

This billing letter is a request for payment of the total due shown above. If you agree with these adjustments, please sign, date, and return the "Consent to Assessment" no later than May 28, 2014. If you can't pay the total due, you can obtain a Form 40PA, Idaho Payment Agreement Request, from our website at tax.idaho.gov.

If you do not agree, please contact us so we can discuss the adjustments. If we do not receive a response by May 28, 2014, a Notice of Deficiency Determination will be issued.

Sincerely,

Contact Name  
Tax Auditor  
Ph (208) XXX-XXXX  
Fax (208) XXX-XXXX  
first.last@tax.idaho.gov

**CONSENT TO ASSESSMENT**

I consent to the assessment of tax as shown above and as prescribed by Idaho Code section 63-3044.  
**I understand that by consenting to this assessment, I waive any right to appeal.**

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Signature \_\_\_\_\_ Date \_\_\_\_\_

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Signature\* \_\_\_\_\_ Date \_\_\_\_\_

\*If this is a joint income tax liability, both spouses must sign this form.

**IDAHO STATE TAX COMMISSION  
INCOME TAX AUDIT BUREAU**

FTI = No

**INDIVIDUAL INCOME TAX AUDIT CHANGES**

10-042-97

Employee	Rea Code	Result Code	Name Control	(For State Use Only)
XXXXX	P9	31	TAYL	
Account ID: XXXXXXX-01		Spouse Acct. ID: XXXXXXX-01		Status: MJ
Name	First M & First M Last			
Address	Street Address			
City, State, Zip Spirit Lake ID 83869				
TAX YEAR(S)		12/31/2011	12/31/2012	
BATCH / REPORT		XXXXXXXX-XXX	XXXXXXXX-XX	
1. IDAHO TAXABLE INCOME per return or as previously adjusted		52,693	64,428	
2. Adjustments				
a. Summary of Adjustments		69,372	73,241	
b.				
c.				
d.				
e.				
f.				
3. IDAHO TAXABLE INCOME REVISED		122,065	137,669	
4. Corrected Income Tax Liability		8,845	9,711	
5. Income Tax Liability, before credits per return or as previously adjusted		3,436	4,291	
6. Grocery Credit				
7.				
8.				
9. ADDITIONAL TAX or (REFUND)		5,409	5,420	*
10. Sales/Use Tax				*
11. Permanent Building Fund Tax				*
12. Idaho Withholding				*
13.				
14. NET ADDITIONAL TAX (REFUND)		5,409	5,420	*
15. Penalties				*
16. Interest to 5/28/2014		404	204	*
17. TOTAL DEFICIENCY OR (REFUND)		5,813	5,624	*
Date	Auditor ID			Reviewer
07 May 2014	First Last			JB

First M & First M Last  
Summary of Adjustments

	2011		2012	
	Total	Idaho	Total	Idaho
1. Adjusted Income per Return	237,882	65,475	249,318	76,140
2. Audit Adjustments				
a. Community Income		86,204		88,130
b. Moving Expenses				(1,578)
c.				
d.				
e.				
3. Adjusted Income Corrected	237,882	151,679	249,318	162,692
4. a. Itemized Deductions	44,655		32,001	
b. State Income Taxes	5,609		5,052	
c. Net Itemized Deductions	39,046		26,949	
d. Standard Deduction	11,600		11,900	
e. Larger of Itemized Deductions of Standard Deduction	39,046		26,949	
f. Personal Exemptions	7,400		11,400	
g. Net Standard & Personal Deductions	46,446		38,349	
5. Idaho Adjusted Income	151,679	151,679	162,692	162,692
6. Total Adjusted Income	237,882		249,318	
7. Divide Line 5 by Line 6 equals: Idaho Percentage		63.76%		65.25%
8. Multiply Line 4g by Line 7 equals: Idaho Percentage of Personal Deductions		29,614		25,023
9. Line 5 less Line 8 equals: Net Idaho Taxable Income		122,065		137,669
10. Taxable Income per Return		52,693		64,428
11. Line 9 less Line 10 equals: Adjustment carried to Schedule 042 line 2a.		\$69,372		\$73,241

Idaho State Tax Commission

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AUDIT DIVISION

Name of Taxpayer  
First M & First M Last

Account Identification No.  
XXXXXXXXXX-01/XXXXXXXXXX-01

Item No. Explanation of Items

2a. Summary of Adjustments

The amount on line 2a. of the 042 is the net adjustment as determined on the Summary of Adjustments schedule. The net adjustment is computed as a result of the following adjustments:

2a. Community Income

Idaho Code section 63-3002 requires a resident of Idaho to report all income regardless of where the income was earned.

Idaho Code sections 63-3002 and 63-3026A require a nonresident of Idaho to report Idaho source income.

When one spouse is domiciled in Idaho and the other is domiciled in another community property state, Idaho Code requires the Idaho resident spouse to report half of the combined community income regardless of source and the nonresident spouse to report half of the community income from Idaho sources.

Under community property law, income acquired after marriage is presumed to be community income attributable one-half to each spouse. Since both Idaho and Nevada are community property states, each spouse has a one-half interest in the income received during the year.

An adjustment is made to include Laurie's half of Richard's wages and also her half of the wages she earned outside of Idaho and rental income since she was a full year resident of Idaho and required to report income from all sources.

	2011	2012
Nevada Wages - First Name	168,218	175,208
Wages - Spouse Name	4,189	
Rental Income		1,051
Total Income	172,407	176,259
Half Attributable to Idaho Spouse	86,204	88,130

Idaho State Tax Commission

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AUDIT DIVISION

Name of Taxpayer	Account Identification No.
First M & First M Last	XXXXXXXX-01/XXXXXXXX-01
Item No.	Explanation of Items

2b. Moving Expenses

Idaho Income Tax Administrative Rule 252.04 provides for a deduction in arriving at Idaho adjusted income for moving expenses. The amount of the deduction is prorated based upon total Idaho income to total income. Your deduction has been recomputed as follows for 2012:

Idaho Total Income	165,659
Total Income	253,865
Percentage	.6525
Moving Expenses	4,547
Amount Allowed	2,967
Amount Claimed	1,389
Adjustment	(1,578)

7 and 8. Idaho Percentage of Personal Deductions

Changing the Idaho Adjusted Income affects the "Idaho Percentage" for the amount of deductions and exemptions allowable. *Idaho Income Tax Administrative Rule 255.02*. Since your percentage of Idaho Adjusted Income to Total Adjusted Income increased, you are allowed a higher percentage of deductions and exemptions. The new amount allowed is reflected on line 8 on the Summary of Adjustments schedule.

**IDAHO STATE TAX COMMISSION  
AUDIT DIVISION**

Name of Taxpayer(s)	Account ID:
First M & First M Last	XXXXXXXXXX-01/XXXXXXXX-01

INTEREST COMPUTATION - As required by Idaho Code section 63-3045(6), as follows:

Interest is charged at the following annual rates:

1/1/97 - 12/31/97 -- 9%	1/1/98 - 12/31/98 -- 8%	1/1/99 - 12/31/99 -- 7%	1/1/00 - 12/31/00 -- 8%
1/1/01 - 12/31/01 -- 8%	1/1/02 - 12/31/02 -- 7%	1/1/03 - 12/31/03 -- 5%	1/1/04 - 12/31/04 -- 6%
1/1/05 - 12/31/05 -- 6%	1/1/06 - 12/31/06 -- 6%	1/1/07 - 12/31/08 -- 7%	1/1/09 - 12/31/10 -- 5%
1/1/11 - 12/31/11 -- 4%	1/1/12 - 12/31/12 -- 4%	1/1/13 - 12/31/13 -- 3%	1/1/14 - 12/31/14 -- 4%

Tax Year Ended	<u>12/31/2011</u>	<u>12/31/12</u>
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INTEREST

FROM	TO		
Due Date	12/31/03		
01/01/04	12/31/04		
01/01/05	12/31/05		
01/01/06	12/31/06		
01/01/07	12/31/07		
01/01/08	12/31/08		
01/01/09	12/31/09		
01/01/10	12/31/10		
01/01/11	12/31/11		
01/01/12	12/31/12	154	
01/01/13	12/31/13	162	116
01/01/14	05/28/14	88	88
<b>TOTAL INTEREST</b>		<u>404</u>	<u>204</u>
		=====	=====

Interest shown is through 5/28/2013. Interest will continue to accrue at a rate of \$1.19 per day until paid. If the amount due is paid prior to that date, the same amount per day should be deducted from your payment