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Income Tax Determinations
Lillie, Frances A. &
Lucien B.

The State Tax Commission

Solomon Sies, Hearing Officer

LUCIEN B. LILLIE III AND FRANCES A. LILLIE, his wife

Petition for Redetermination of
a Deficiency of Personal Income
Taxes Under Article 22 of the Tax
Law for the year 1964.

A notice of hearing was mailed to the taxpayers on December 22, 1967 scheduling a hearing in the New York City Office for January 30, 1968 at 2:30 p.m. The taxpayers defaulted in appearance. Thereafter, a letter was mailed to the taxpayers on February 5, 1968 advising them of their default, requesting additional information and affording them another opportunity to correspond with the hearing officer and further advising them that in the event they failed to do so, their default would remain in full force and effect. The taxpayers have failed to answer said letter.

The issue involved herein is the disallowance of itemized deductions as unsubstantiated and allowing a standard deduction of \$1,000.00. Although the taxpayers were requested to submit information concerning their itemized deductions, they failed to do so. In correspondence to the Income Tax Bureau the taxpayer Lucien B. Lillie III claimed that his return was audited by the Internal Revenue Service and that all of the deductions were allowed with the exception of salvage value on car depreciation in connection with his sales activities. I requested Mr. Louis Friedman to check the Internal Revenue Service records and was advised that there was no Federal audit of the taxpayer's 1964 return; that his 1963 return was audited in Florida. I wrote taxpayer on February 5, 1968 requesting him to submit a copy of the Federal audit for 1963 and any other additional information with respect to the deductions for the year 1964. He has failed to do so.

In view of the taxpayers' failure to submit the information requested, I am of the opinion that the statement of audit changes and notice of deficiency should be sustained.

For the reasons stated above I recommend the decision of the Tax Commission in the above matter be substantially in the form submitted herewith.

April 26, 1968

Solomon Sies
Hearing Officer

6/25/68
signed by
3 copies
returned
6/23/68
TH. Sies

**STATE OF NEW YORK
STATE TAX COMMISSION**

----- X
IN THE MATTER OF THE PETITION

OF

**LUCIEN B. LILLIE III AND FRANCES A.
LILLIE, HIS WIFE**

**FOR REDETERMINATION OF A DEFICIENCY OR FOR
REFUND OF PERSONAL INCOME TAXES UNDER ARTICLE 22
OF THE TAX LAW FOR THE YEAR 1964.**

----- X

The above-named taxpayers having filed a petition for redetermination of a deficiency or for refund of personal income taxes under Article 22 of the Tax Law for the year 1964 and the notice of hearing having been mailed to the taxpayers on December 22, 1967 scheduling a hearing to be held at the office of the State Tax Commission at 80 Centre Street, New York, N. Y. on the 30th day of January, 1968 at 2:30 p.m. before Solomon Sles, Hearing Officer of the Department of Taxation & Finance, and the taxpayer having defaulted in appearance thereat, and a letter having been mailed to the taxpayers on February 5, 1968 advising them of their default, and further advising that upon their failure to communicate with the Hearing Officer, said default would remain in full force and effect, and the taxpayers having failed to respond thereto, and the matter having been duly examined and considered,

The State Tax Commission hereby finds:

(1) That Lucien B. Lillie III and Frances A. Lillie, his wife, filed a joint New York State Income Tax Resident Return for the year 1964 in which they reported New York income in the amount of \$17,029.12, and subtracted therefrom itemized deductions in the amount of \$2,411.70.

(2) That on January 8, 1966 the Department of Taxation & Finance requested the taxpayer Lucien B. Lillie III to submit evidence in substantiation of the itemized deductions taken on the 1964 joint income tax return filed by him and his wife; that the taxpayer failed to submit the information requested; that on August 29, 1966 the Department of Taxation & Finance issued a statement of audit changes disallowing the employee business expense claimed by the taxpayers on their return for 1964 in the amount of \$2,118.72 for failure to submit the information requested; that since the total of the allowable itemized deductions was less than 10% of the New York adjusted gross income, the taxpayers were allowed a standard deduction of \$1,000 (10% of New York adjusted gross income or \$1,000, whichever is lesser) in recomputing their tax liability; that as a result, additional personal income tax was imposed in the amount of \$337.22; and, accordingly, a notice of deficiency was issued in the amount of \$364.97, including interest.

(3) That the taxpayers have failed and refused to submit any evidence in substantiation of the claimed business expenses of \$2,118.72 claimed by them on their income tax return for the year 1964.

Based upon the foregoing findings and all of the evidence presented herein:

The State Tax Commission hereby

DECIDES:

That the disallowance of the employee business expense claimed by the taxpayer Lucien B. Lillie III on the joint New York income tax return filed by him and his wife for 1964 was properly disallowed for failure to submit any evidence in

(3)

substantiation thereof; that the taxpayer was properly allowed a standard deduction of one thousand (\$1,000) dollars; that the statement of audit changes and notice of deficiency are correct and do not include any tax or other charge which could not have been lawfully demanded; that the taxpayers' petition for redetermination of a deficiency or for refund of personal income taxes for the year 1964 be and the same is hereby denied.

DATED: Albany, New York the 25 day of June 1968.

STATE TAX COMMISSION

/s/ JOSEPH H. MURPHY
President

/s/ A. BRUCE MANLEY
Commissioner

/s/ SAMUEL E. LEPLER
Commissioner