

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|--------------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 12929 & 15026 |
| [REDACTED], |) | |
| |) | DECISION |
| Petitioner. |) | |
| |) | |
| |) | |

[Redacted] (petitioner) protests the Notices of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated June 22, 1998 and June 30, 2000. Although numerous adjustments were made by the auditor, no additional income taxes, penalties, or interest were asserted against the petitioner since the petitioner is an S corporation.

The auditor made numerous adjustments to the petitioner’s Idaho income tax returns.

These adjustments included the following:

| | 1994 | 1995 | 1996 |
|-------------------------------|-----------------|-----------------|-----------------|
| Adjustment to Trial Balance | \$11,982 | \$(15,410) | \$675 |
| Cost of Goods Sold | 42,032 | 14,162 | 44,413 |
| Rent Expense | 1,645 | | |
| Insurance Expense | 6,980 | 7,957 | 8,770 |
| Supplies & Tools | 5,214 | 2,517 | 4,979 |
| Truck Expense | 10,800 | 10,552 | (1,799) |
| Travel Expense | 9,209 | | |
| Office Expense | 1,154 | 1,562 | 6,952 |
| Meals and Entertainment | 1,559 | 336 | 3,014 |
| Repairs & Maintenance Expense | 808 | | 755 |
| Utility Expense | 918 | 3,033 | 2,767 |
| Dues and Subscriptions | 30 | 18 | |
| Professional Expense | 1,055 | 1,154 | |
| Salaries and Wages | | 35,433 | |
| Depreciation | | (240) | (241) |
| Equipment Rentals | | 220 | 118 |
| Travel and Meals | | <u>2,292</u> | <u>8,824</u> |
| | <u>\$93,386</u> | <u>\$63,586</u> | <u>\$79,227</u> |

The petitioner did not provide additional information to address the 1994 adjustments.

Therefore, they must be affirmed as set forth by the auditor.

For each of the adjustments for the petitioner, the issue is simply whether the petitioner documented that they were entitled to the deduction. The petitioner submitted additional material to support some of its claimed deductions for 1995 and 1996. The additional information was reflected and the modified amount of the adjustments are as follows:

| | 1994 | 1995 | 1996 |
|-------------------------------|-----------------|-----------------|-----------------|
| Adjustment to Trial Balance | \$11,982 | \$(15,410) | \$675 |
| Cost of Goods Sold | 42,032 | 6,662 | 14,163 |
| Rent Expense | 1,645 | | |
| Insurance Expense | 6,980 | 5,279 | 5,342 |
| Supplies & Tools | 5,214 | 2,517 | 4,979 |
| Truck Expense | 10,800 | 10,552 | (1,799) |
| Travel Expense | 9,209 | | |
| Office Expense | 1,154 | 1,490 | 6,345 |
| Meals and Entertainment | 1,559 | 336 | 3,014 |
| Repairs & Maintenance Expense | 808 | | 755 |
| Utility Expense | 918 | 3,033 | 2,767 |
| Dues and Subscriptions | 30 | 18 | |
| Professional Expense | 1,055 | 1,154 | |
| Salaries and Wages | | 7,473 | |
| Depreciation | | (240) | (241) |
| Equipment Rentals | | 220 | 118 |
| Travel and Meals | | <u>2,355</u> | <u>8,824</u> |
| | <u>\$93,386</u> | <u>\$24,439</u> | <u>\$44,942</u> |

Therefore, based upon the information in the file, the Commission finds that these adjustments need to be made to the income passed through to the shareholders of the petitioner.

WHEREFORE, the Notices of Deficiency Determination dated June 22, 1998 and June 30, 2000, are MODIFIED and, as so modified, are hereby APPROVED, AFFIRMED, AND MADE FINAL.

An explanation of the petitioner's right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2001.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2001, 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. [Redacted]

[REDACTED]

[REDACTED][REDACTED]

ADMINISTRATIVE ASSISTANT 1