

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 16257
[Redacted],	)	
	)	DECISION
Petitioners.	)	
_____	)	

On November 5, 2001, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for the taxable years 1997 through 1999 in the total amount of \$9,853.

On January 7, 2002, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Tax Commission's hearing rights letter and have provided nothing in addition to their protest letter for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information that the taxpayers received wages from an Idaho source. The Bureau researched the Tax Commission's records and found that the taxpayers did not file Idaho income tax returns for the tax years 1997, 1998, and 1999. The Bureau sent the taxpayers a letter asking about their filing requirement, but the taxpayers did not respond. [Redacted] The Bureau prepared income tax returns for the taxpayers and sent them a Notice of Deficiency Determination. The taxpayers protested the Bureau's determination stating that the Bureau did not show the necessary deductions in its determination. The taxpayers stated they would like the opportunity to present the information to the Bureau. The Bureau acknowledged the taxpayers' protest and sent them an additional letter requesting self-prepared returns. The taxpayers failed to submit anything to the Bureau.

The Bureau referred the matter for administrative review. The Tax Commission sent the taxpayers a letter giving them two options for having the Notice of Deficiency Determination redetermined. The taxpayers did not respond to the Tax Commission's letter, so the Tax Commission decided the matter based upon the information available.

The taxpayers were residents of Idaho in 1997 through 1999. [Redacted] was employed and presumably founded [Redacted], Chartered, located in Boise, Idaho. The taxpayers received wages in excess of Idaho's filing requirement for their filing status as married filing joint (Idaho Code section 63-3030). The taxpayers filed for and received the homeowner's exemption in 1998.

The taxpayers did not contest their requirement to file Idaho income tax returns. Their point of contention was that the Bureau's determination did not show the necessary deductions. However, the taxpayers did not state or provide any documentation for the deductions to which they referred. Deductions from gross income are a matter of legislative grace, and the taxpayers must be able to show they fall within the terms of the deduction. New Colonial Ice Co., Inc., v. Helvering, 54 S.Ct. 788, (1934). The taxpayers have provided no information to show that there were any allowable deductions.

[Redacted]. The taxpayers provided nothing to show that any of the income included in their taxable income should not be included. Since the taxpayers have not provided anything to show the returns the Bureau prepared were in error, they have not met their burden of proof. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). Therefore, the Tax Commission upholds the Bureau's computation of the taxpayers' tax.

The Bureau added interest and penalty to the taxpayers' Idaho tax deficiency. The Tax Commission reviewed those additions and found both to be appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046.

WHEREFORE, the Notice of Deficiency Determination dated November 5, 2001, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$ 894	\$ 224	\$ 311	\$1,429
1998	2,478	620	672	3,770
1999	3,497	874	694	<u>5,065</u>
			TOTAL DUE	<u>\$10,264</u>

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2002.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

## CERTIFICATE OF SERVICE

I hereby certify that I have on this \_\_\_\_\_ day of \_\_\_\_\_, 2002, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:  
[Redacted]

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