

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---------------------------------|---|------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 16748 |
| [REDACTED], |) | |
| |) | DECISION |
| Petitioner. |) | |
| _____ |) | |

On June 6, 2002, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for the taxable years 1993 through 1999 in the total amount of \$14,250.

On August 6, 2002, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not respond to the Tax Commission's hearing rights letter and has provided nothing further for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The taxpayer filed extensions for filing his Idaho income tax returns for the tax years 1994, 1996, and 1997. The Tax Discovery Bureau (Bureau) followed up on the extensions and found that the taxpayer did not file income tax returns for those years. In addition to the years mentioned, the Bureau found that the taxpayer had not filed income tax returns for 1993, 1995, 1998, and 1999. The Bureau sent the taxpayer a letter asking him to file his income tax returns. The taxpayer did not respond.

The Bureau obtained additional information [Redacted] regarding the taxpayer, which was not sufficient to make an informed determination. The Bureau requested information from third party sources with whom the taxpayer had dealings and found that the taxpayer had income in excess of the filing requirements of Idaho Code section 63-3030. The Bureau prepared income tax returns for the taxpayer and sent him a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination. He stated the income determined by the Bureau should be less for some if not all the years in question. He stated there are some Idaho withholdings that should also be deducted. The Bureau allowed the taxpayer additional time to provide documentation or income tax returns, but the taxpayer provided nothing.

The matter was referred for administrative review, and the Tax Commission sent the taxpayer a letter giving him two options for having the Notice of Deficiency Determination redetermined. The taxpayer did not respond. The Tax Commission sent the taxpayer a follow-up letter, but still the taxpayer failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

The taxpayer did not contest his requirement to file Idaho income tax returns. The taxpayer's argument in protest of the Bureau's determination was that the income amount was too high and he was not given credit for any withholdings. The Tax Commission reviewed the record and found that the Bureau used an average of the taxpayer's deposits into his bank account to determine the taxpayer's income for each of the years. The Tax Commission found that this was a reasonable method for determining the taxpayer's taxable income.

The record did not show the taxpayer received any wages for which there might have been withholdings. Therefore, the Tax Commission found there is no support for the taxpayer's argument that he should be allowed withholdings. However, the Tax Commission's records do show that the taxpayer made a tentative payment for the taxable year 1993. This payment was not included in the Bureau's computation of the taxpayer's 1993 tax liability. Therefore, the Tax Commission adjusted the 1993 return the Bureau prepared to include the taxpayer's tentative payment.

The taxpayer provided nothing to show the returns the Bureau prepared were incorrect. He did not meet his burden of proof. Albertson's, Inc. v. State, Dept. of Revenue, State Tax Com'n, 106 Idaho 810, 683 P.2d 846 (1984). Therefore, the Tax Commission finds that the returns prepared by the Bureau are a reasonably good representation of the taxpayer's Idaho taxable income.

WHEREFORE, the Notice of Deficiency Determination dated June 6, 2002, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

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

| <u>YEAR</u> | <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|----------------|-----------------|-----------------|
| 1993 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 1994 | 1,245 | 311 | 790 | 2,346 |
| 1995 | 1,234 | 309 | 676 | 2,219 |
| 1996 | 1,222 | 306 | 568 | 2,096 |
| 1997 | 1,203 | 301 | 454 | 1,958 |
| 1998 | 1,191 | 298 | 358 | 1,847 |
| 1999 | 1,183 | 296 | 269 | <u>1,748</u> |
| | | | | <u>\$12,214</u> |

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

An explanation of the taxpayer's rights to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2003.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2003, 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]

[Redacted]

[Redacted]
