

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 17203
[Redacted],	)	
	)	DECISION
Petitioner.	)	
_____	)	

On January 3, 2003, 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 1998 through 2000 in the total amount of \$2,959.

On March 7, 2003, 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 had previous dealings with the Tax Commission for not filing income tax returns. The Tax Discovery Bureau (Bureau) did a follow-up review of the taxpayer's filings and found the taxpayer had not filed returns for 1998 through 2000. The Bureau sent the taxpayer a letter asking about his requirement to file Idaho income tax returns for 1998 through 2000. The taxpayer did not respond. The Bureau [Redacted] determined the taxpayer did have a requirement to file returns for 1998, 1999, and 2000. The Bureau prepared returns for the taxpayer and sent him a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination stating the numbers were incorrect. The taxpayer said his gross income was different and that he has receipted expenses to offset his income. The taxpayer also stated that he had four exemptions for 1998.

The taxpayer and the Bureau agreed that the taxpayer would complete and submit his current year's return and then the preceding years' returns in 30-day increments. The taxpayer provided his 2002 return but failed to provide any of the other years' returns. Therefore, the Bureau referred the matter for administrative review.

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 a follow-up letter to the taxpayer, but still received no response. Therefore, the Tax Commission decided the matter based upon the information available.

The taxpayer had a prior history of not filing Idaho income tax returns. The Bureau obtained income information [Redacted] that showed the taxpayer had income in excess of the filing requirements of Idaho Code section 63-3030 for two of the three years in question. The third year was a few hundred dollars less than the filing requirement threshold. Not knowing if the income reported [Redacted] was all the income the taxpayer earned during the years, the Bureau estimated the taxpayer's income for the three years based upon an average of the known income for the last seven years.

The taxpayer stated the gross income figures the Bureau used were incorrect. The Tax Commission agrees there is probably a margin of error with the Bureau's figures; however, the taxpayer has provided nothing to show what his actual income was for the years.

The taxpayer also stated that he had expenses that were not included in the Bureau's numbers. Again, the Tax Commission would agree with the taxpayer that there could be expenses that were not taken into account. However, the taxpayer did not provide the Tax Commission with documentation of the expenses or show that he was entitled to any expenses.

Deductions are a matter of legislative grace and the taxpayer must show that the deduction is allowable. New Colonial Ice Co. v. Helvering, 54 S. Ct. 788 (1934).

The taxpayer did not provide anything to show the returns prepared by the Bureau were not a reasonable representation of his taxable income. He failed to 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 the returns the Bureau prepared to be a reasonable representation of the taxpayer's taxable income for the years in question. The Tax Commission upholds the Bureau's determination. The Bureau's Notice of Deficiency Determination misspelled the taxpayer's name; therefore, the Tax Commission corrects the Notice of Deficiency Determination to the correct spelling of [Redacted].

WHEREFORE, the Notice of Deficiency Determination dated January 3, 2003, is hereby MODIFIED, 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>
1998	\$688	\$172	\$235	\$1,095
1999	680	170	183	1,033
2000	654	164	124	<u>942</u>
			TOTAL DUE	<u>\$3,070</u>

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

An explanation of the taxpayer's right 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]

Receipt No.  
\_\_\_\_\_