

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17145
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On December 9, 2002, 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 1993 through 1999 in the total amount of \$17,441.

On February 8, 2003, 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 no additional information for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Commission received information that the taxpayers may not be filing Idaho individual income tax returns. The Tax Discovery Bureau (Bureau) searched the Tax Commission's records and found that the taxpayers had not filed income tax returns for the taxable years 1993 through 1999. The Bureau sent the taxpayers a letter asking about their requirement to file Idaho income tax returns. The taxpayers did not respond.

The Bureau obtained information from [Redacted] third parties. From that information, the Bureau determined the taxpayers were required to file Idaho income tax returns. The Bureau prepared returns for the taxpayers and sent them a Notice of Deficiency Determination.

The taxpayers protested the Bureau's determination. They stated the income amounts are approximations and the Bureau did not account for any costs that may have been involved to

obtain such income. The taxpayers wanted to discuss the matter with the Bureau to come to a correct determination of their income.

The Bureau contacted the taxpayers and expressed the need for the taxpayers to complete and file returns for the years in question. The Bureau sent the taxpayers forms and instructions and waited for the taxpayers to file their returns. The taxpayers' returns never came. The Bureau contacted the taxpayers again to emphasize the need for them to provide income tax returns. The taxpayers stated they would send in their returns once they were completed. They stated they had just sent in the current year's return. The Bureau allowed the taxpayers additional time to provide their returns but none came. Furthermore, the taxpayers' current year's return was never received. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission sent the taxpayers a letter giving them two methods for having the Notice of Deficiency Determination redetermined. The taxpayers did not respond. The Tax Commission sent the taxpayers a follow-up letter, but still the taxpayers failed to respond. Therefore, the Tax Commission decided the matter based upon the information available.

The Bureau prepared returns for the taxpayers based upon W-2 wage statement information and 1099 income information [Redacted]. The Bureau also used information the taxpayers provided to lending institutions. The taxpayers claimed the amounts the Bureau determined were approximations. The Tax Commission agrees with the taxpayers; however, the taxpayers have provided nothing to show what their actual income was for the years. The taxpayers also stated that the Bureau did not account for any costs that occurred in earning the income. Again, the Tax Commission agrees that there could be additional deductions the taxpayers could claim; however, the taxpayers did not provide any documentation or other evidence to show that they were entitled to any deductions. 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 taxpayers did not provide anything to show the returns prepared by the Bureau were not a reasonable representation of their taxable income. They failed to meet their 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 taxpayers' taxable income for the years in question. The Tax Commission upholds the Bureau's determination.

WHEREFORE, the Notice of Deficiency Determination dated December 9, 2002, 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>
1993	\$1,335	\$334	\$1,004	\$ 2,673
1994	1,351	338	914	2,603
1995	1,338	335	788	2,461
1996	1,294	324	655	2,273
1997	1,386	347	581	2,314
1998	1,454	364	498	2,316
1999	2,128	532	573	<u>3,233</u>
		TOTAL DUE		<u>\$17,873</u>

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

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

DATED this ____ day of _____, 2004.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2004, 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.
