

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 19190
[REDACTED])	
)	DECISION
Petitioner.)	
_____)	

[Redacted] (petitioner) protests the Notice of Deficiency Determination issued by the auditors for the Idaho State Tax Commission (Commission) dated October 14, 2005, regarding the calendar years of 2001, 2002, and 2003, inclusive. The Notice of Deficiency Determination asserted no additional amounts due by the partnership since the income adjustments are to be reflected on the returns of the shareholders.

The substance of the matters in this docket is that the petitioner has failed to provide the requested documentation. The audit staff requested documentation to support the deductions claimed. However, the petitioner failed to supply the needed verification. Therefore, the audit staff denied half of the claimed deductions.

After the issuance of the Notice of Deficiency Determination, the petitioner submitted a portion of the requested documentation. The documentation submitted was reviewed. The audit staff computed the petitioner’s taxable income based upon the additional information provided. The resultant taxable income for both 2002 and 2003 was higher than the taxable income set forth in the Notice of Deficiency Determination.

The taxpayer has the burden of proof with regard to both the law and the facts regarding deductions. The U. S. Supreme Court has stated:

Whether and to what extent deductions shall be allowed depends upon legislative grace; and only as there is clear provision therefor can any particular deduction be allowed.

* * *

Obviously, therefore, a taxpayer seeking a deduction must be able to point to an applicable statute and show that he comes within its terms.

New Colonial Ice Co. v. Helvering, Inc., 292 U.S. 435, 440, 54 S.Ct. 788, 790 (1934).

The petitioner has been invited to submit additional information but has failed to do so. Upon examining the information submitted, the Commission finds that the petitioner has failed to carry its burden of proving that it is entitled to more deductions than were allowed as reflected in the Notice of Deficiency Determination. Accordingly, the Commission affirms the Notice of Deficiency Determination.

WHEREFORE, the Notice of Deficiency Determination dated October 14, 2005, is hereby APPROVED, AFFIRMED, AND MADE FINAL.

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

DATED this _____ day of _____, 2006.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2006, 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]

Receipt No.

[REDACTED]
[REDACTED]
[REDACTED]
