

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

In the Matter of the Protest of )  
 ) DOCKET NO. 19981  
[REDACTED] )  
 )  
 ) Petitioner. ) DECISION  
 )  
 )  
\_\_\_\_\_ )

On January 9, 2007, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued Notices of Deficiency Determination to [Redacted], asserting income tax, penalty, and interest in the following amounts:

- \$ 4,902 for 2005
- \$ 4,775 for 2004
- \$ 5,068 for 2003
- \$ 2,303 for 2002
- \$ 4,538 for 2001
- \$ 3,255 for 2000
- \$ 1,810 for 1999
- \$ 2,356 for 1998.

The Notices advised [Redacted] and [Redacted] that, if they disagreed with the deficiency determined by the Bureau, they could petition the Tax Commission for a redetermination.

[Redacted] protested the determination in a letter dated February 5, 2007, which the Commission treated as a petition for redetermination. [Redacted] did not protest the notice of deficiency sent to her. As such, she has not availed herself of the administrative protest process and the deficiency is now a hardened assessment against her.

In letters to [Redacted] dated February 20, 2007, and August 10, 2007, the Commission notified the Petitioner that he could meet with a Commissioner or a designee in an informal conference to discuss the deficiency determined by the Bureau, or, in the alternative, submit

additional information to show why the deficiency should be redetermined. The Petitioner responded to these letters by sending a “Demand for Verified Evidence of Lawful State Assessment” published by the Christian based Sovereignty Education and Defense Ministry organization. The demand form is not a legally recognized document, and therefore the Commission was not compelled to respond.

This decision is based on the information contained in the Commission’s files. The Commission has reviewed the files, is advised of their contents, and now issues this decision. For the reasons set forth below, the Commission affirms the deficiency determined by the Bureau with interest updated through September 30, 2007.

This is a nonfiler case. The Petitioner lives in [Redacted], Idaho, and did not file an Idaho income tax return for the 1998 through 2005 taxable years. Based on information obtained by the Tax Commission’s Enforcement Specialist, it appeared the petitioner did in fact have an Idaho income tax filing requirement for the taxable years at issue. Federal W-2 and Form 1099 information shows the Petitioner and his wife received approximately the following income:

2005	\$120,252
2004	\$112,944
2003	\$114,011
2002	\$ 61,015
2001	\$ 95,848
2000	\$ 93,577
1999	\$ 75,282
1998	\$ 74,519

Based on the Federal W-2 and Form 1099 information, the Tax Discovery Bureau prepared provisional returns for the Petitioner. The Petitioner was given personal deductions and exemptions and grocery credits on the provisional returns. The completed provisional returns showed a tax deficiency existed for each of the years at issue. The Bureau then issued a Notice of Deficiency Determination which included a description of the information relied upon, a copy of the provisional

returns showing the Petitioner's income as one-half of the income earned by he and his wife, a document showing the calculation of interest, and an explanation of the Petitioner's right to request a redetermination of the deficiency.

The Petitioner sent a letter dated August 15, 2007, in which he purports to believe that there is an exemption from gross income for income earned in a private capacity and that his wages earned as an engineer in the private sector are not taxable. Courts have universally agreed that wages or compensation for services constitute income and the individuals receiving income are subject to the federal income tax, regardless of its nature.

Persons who are required to file an Idaho individual income tax return must pay Idaho income tax on their taxable income at the rate set forth in Idaho Code § 63-3024. In the event a person fails to file a tax return or to pay the proper amount of individual income tax, Idaho law specifically provides the Commission with the authority to issue a Notice of Deficiency Determination.

The Petitioner has not presented any information to dispute the factual basis of the deficiency determination. The Petitioner has not disputed the W-2 and Form 1099 income amounts on which the deficiency is based. It is well settled in Idaho that a Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be correct. *Albertson's Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814 (1984); *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2 (Ct. App. 1986). The burden is on the taxpayer to show that the tax deficiency is erroneous. *Id.* The Petitioner has failed to show that the provisional returns prepared by the Tax Commission were incorrect. Petitioner wrongly believes he is not a person to whom the income tax laws apply. Therefore, based on the information available, the Tax Commission finds the provisional returns to

be a fair representation of the Petitioner's taxable income for the taxable years in question and that the amounts shown due on the Notice of Deficiency Determination are true and correct.

WHEREFORE, the Notice of Deficiency Determination dated January 9, 2007, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the Petitioner pay the following taxes, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 3,748	\$937	\$357	\$ 5,042
2004	3,490	873	541	4,904
2003	3,549	887	763	5,199
2002	1,555	389	417	2,361
2001	2,937	734	976	4,647
2000	2,007	502	822	3,331
1999	1,064	266	521	1,851
1998	1,327	332	746	2,405
			TOTAL DUE	<u>\$29,740</u>

Interest is calculated through September 30, 2007, and will continue to accrue until paid.

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

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

DATED this \_\_\_\_ day of \_\_\_\_\_, 2007.

IDAHO STATE TAX COMMISSION

---

COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_ day of \_\_\_\_\_, 2007, 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]

Receipt No.

---