

The Bureau prepared income tax returns for the taxpayer and sent him a Notice of Deficiency Determination. The taxpayer protested the Bureau's determination stating that he had W-2 statements that showed withholdings for 2000 through 2003. He also stated that for 2004 the income the Bureau determined was from gambling winnings and that his gambling losses far exceeded his winnings. The taxpayer requested additional time to gather the necessary information. He stated he expected to be released from the North Idaho Correctional Institute in about a month and would get the necessary paperwork after his release. The Bureau allowed the taxpayer the additional time; however, nothing was received from the taxpayer. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission sent the taxpayer a letter providing him with two methods for redetermining the protested Notice of Deficiency Determination. The taxpayer failed to respond. The Tax Commission sent a follow-up letter to the taxpayer, but he still failed to contact the Tax Commission. Therefore, the Tax Commission decided the matter based upon the information available.

The taxpayer was employed by [Redacted] in 2000 through 2005. In 2004 and 2005, the taxpayer was only employed during the third quarter. The Bureau contacted the taxpayer's employer and was able to obtain copies of the taxpayer's 2000 and 2002 through 2005 W-2 Wage and Tax Statements. It is clear from the taxpayer's W-2s that he was required to file Idaho income tax returns for the years 2000, 2002, and 2003. The income he received was well in excess of the filing threshold of Idaho Code section 63-3030. The W-2s for 2004 and 2005 showed only marginal income that by themselves would not require the taxpayer to file an Idaho income tax return.

However, in addition to the W-2s, the Bureau obtained information [Redacted]. That information showed the taxpayer had gambling winnings in 2004 of over \$108,000. These winnings along with the W-2 wage income exceed the filing threshold and require the taxpayer to file an Idaho income tax return.

The Bureau used the information on the W-2s [Redacted] to determine the taxpayer's Idaho taxable income. The Bureau also credited the taxpayer for the withholdings shown on the W-2s. This was all the information available regarding the taxpayer's income.

The taxpayer's protest had two points of contention. He stated his W-2s had tax payments for 2000 through 2003 and his gambling losses in 2004 far exceeded his winnings. As previously stated, the Bureau allowed the withholdings reported on the taxpayer's W-2 Wage and Tax Statements. No other state tax payments were reported on the taxpayer's W-2s. As for his gambling losses, the taxpayer has the responsibility of documenting and verifying his losses. The burden rests upon the taxpayer to disclose his receipts and claim his proper deductions. United States v. Ballard, 535 F.2d 400 (1976). The taxpayer has failed to provide anything to support any gambling losses.

In Idaho, it is well established that a State Tax Commission deficiency determination is presumed to be correct and the burden is on the taxpayer to show that the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). The taxpayer did not meet his burden. Therefore, the Tax Commission upholds the Bureau's determination that the taxpayer was required to file Idaho individual income tax returns and the Bureau's determination of the taxpayer's income tax liability.

The Bureau added interest and penalty to the taxpayer's tax deficiency. The Tax

Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046.

WHEREFORE, the Notice of Deficiency Determination dated March 8, 2007, is hereby 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>
2000	\$ 16	\$ 10	\$ 7	\$ 33
2002	479	120	140	739
2003	474	119	113	706
2004	7,752	1,938	1,387	<u>11,077</u>
			TOTAL DUE	<u>\$12,555</u>

Interest is computed to February 1, 2008.

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.

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.
