

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 20172
[REDACTED],	)	
	)	DECISION
Petitioner.	)	
_____	)	

On March 2, 2007, 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 tax years 2004 and 2005 in the total amount of \$7,563.

On April 30, 2007, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not request a hearing but rather stated she would file the necessary income tax returns. The Tax Commission, having reviewed the file, hereby issues its decision.

The taxpayer was referred to the Tax Discovery Bureau (Bureau) by the staff of the Tax Commission working on a project that involved farming operations. The staff found that the taxpayer failed to file Idaho individual income tax returns for tax years 1998, 1999, and 2002 through 2005. The Bureau sent the taxpayer letters asking her about her requirement to file Idaho individual income tax returns. The taxpayer did not respond to the Bureau's inquiries, so the Bureau obtained additional information [Redacted] and determined the taxpayer was required to file Idaho income tax returns for each of the years except 2003. The Bureau prepared returns for the taxpayer and sent her a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination and subsequently provided income tax returns for 1998, 1999, and 2002. The taxpayer stated she would provide the remaining returns; she just needed more time. The Bureau reviewed and accepted the taxpayer's 1998, 1999, and 2002 returns. The Bureau sent the taxpayer notification that the Notice of Deficiency

Determination was cancelled as it related to tax years 1998, 1999, and 2002. The Bureau allowed the taxpayer additional time to provide the remaining returns, but the taxpayer never provided the returns. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent the taxpayer a letter discussing the methods available for redetermining a protested Notice of Deficiency Determination. The taxpayer responded that she met with her accountant and that she was getting her information together so the unfiled returns could be prepared and submitted. The taxpayer stated she hoped to have the returns to the Tax Commission by December 15, 2007.

The taxpayer did not provide the missing returns by December 15, nor did she provide the returns by any of the later dates she stated they should be completed. The Tax Commission gave the taxpayer one last opportunity to provide the returns, but as before, the taxpayer failed to produce any returns. The Tax Commission, believing the taxpayer has had more than sufficient time to prepare and submit her returns, decided this matter based upon the information available.

The taxpayer has not argued that she was not required to file Idaho individual income tax returns for the years in question. On the contrary, she acknowledged that she was required to file Idaho income tax returns for those years. In Idaho, 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). Other than her statements that the Bureau's determination was arbitrary, the taxpayer has provided nothing to show the returns the Bureau prepared for her are erroneous. The taxpayer has not met her burden. The Tax Commission reviewed the returns the Bureau prepared and, based upon the information available, finds that

they are a reasonable representation of the taxpayer's Idaho taxable income. Therefore, the Tax Commission upholds the Bureau's determination.

The Bureau added interest and penalty to the taxpayer's Idaho tax. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated March 2, 2007, is hereby MODIFIED, in accordance with the provisions of this decision 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 (computed to December 31, 2008):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$ 143	\$ 36	\$ 35	\$ 214
2005	5,596	1,399	1,022	<u>8,017</u>
			TOTAL DUE	<u>\$8,231</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.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, 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.

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