

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 23480
[Redacted],)	
)	
Petitioner.)	DECISION
_____)	

[Redacted] (taxpayer) protested the Notice of Deficiency Determination dated August 26, 2010, asserting income tax, penalty, and interest in the total amount of \$4,357 for taxable years 2002 through 2005. The taxpayer disagreed with the Tax Discovery Bureau's (Bureau) determination of his Idaho taxable income for each of the years. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

As part of the Tax Commission's discovery function, the staff of the Tax Discovery Bureau (Bureau) reviewed the informational returns filed with the Tax Commission. In that review, the Bureau found that the taxpayer received wages but failed to file Idaho individual income tax returns for taxable years 2002 through 2005. The Bureau sent the taxpayer a letter informing him of his requirement to file Idaho individual income tax returns. The taxpayer responded that he was married in those years but did not spend a lot of time together with his wife. The taxpayer stated he divorced in August 2005 but was sure a married filing joint return was filed [Redacted] for 2002. The Bureau provided the taxpayer with the information it had available so the taxpayer could prepare his income tax returns. The taxpayer stated he would complete the returns as soon as he could.

The Bureau allowed the taxpayer time to submit the necessary returns. However, when no returns were provided and contact with the taxpayer became more and more infrequent, the

Bureau prepared returns for the taxpayer and sent him a Notice of Deficiency Determination. The taxpayer protested the Bureau's determination stating he could claim an additional exemption for his ex-wife. He stated he also had mortgage interest that he could claim. The taxpayer stated he wanted to prepare returns for these taxable years but has had difficulty getting a live body [Redacted]. He stated with enough time he can get the returns prepared and submitted. The Bureau acknowledged the taxpayer's protest and referred the matter for administrative review.

The Tax Commission reviewed the matter and sent the taxpayer a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. The taxpayer did not respond, so the Tax Commission decided the matter based upon the information available.

LAW AND ANALYSIS

Idaho Code section 63-3030 states that all resident individuals are required to file a return of income if they meet the filing threshold stated in Internal Revenue Code section 6012(a)(1). The taxpayer received wages in excess of that amount in each of the taxable years.

The taxpayer did not contest his requirement to file Idaho individual income tax returns. Neither did the taxpayer dispute the amount of gross income as determined by the Bureau. The taxpayer disputed the deductions and exemptions that were allowed or more properly not allowed by the Bureau. The taxpayer stated he would provide income tax returns, but as of this writing, no returns have been received.

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). The taxpayer did not meet his burden. In addition, deductions are a matter of legislative grace, and taxpayers bear the burden of proving they are entitled to the deductions claimed. INDOPCO, Inc. v. Commissioner, 503 U.S. 79, 84, 112 S. Ct. 1039, 117 L.Ed.2d 226 (1992); New Colonial Ice Co. v. Helvering, 292 U.S. 435, 440, 54 S. Ct. 788, 78 L. Ed. 1348 (1934). Since the taxpayer failed to provide any information or support for any deductions, he must bear his misfortune that no deductions are allowed. Burnet v. Houston, 283 U.S. 223, 51 S.Ct. 413 (1931).

The Tax Commission reviewed the returns the Bureau prepared for the taxpayer and found them to be a reasonable representation of the taxpayers' Idaho taxable income.

CONCLUSION

The taxpayer received income in excess of the filing requirement threshold. He was required to file Idaho income tax returns. The taxpayer did not provide anything contrary to the returns prepared by the Bureau. Therefore, the Tax Commission upholds the Bureau's determination.

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, respectively.

THEREFORE, the Notice of Deficiency Determination dated August 26, 2010, and directed [Redacted] is AFFIRMED.

IT IS ORDERED 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>
2002	\$ 567	\$142	\$281	\$ 990
2003	545	136	241	922
2004	315	79	121	515
2005	1,310	328	422	<u>2,060</u>
			TOTAL DUE	<u>\$4,487</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 _____ 2011.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2011, 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.