

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 23483  
 )  
 )  
Petitioner. ) DECISION  
 )  
\_\_\_\_\_ )

[Redacted] (taxpayer) protested the Notice of Deficiency Determination dated August 25, 2010, asserting income tax, penalty, and interest in the total amount of \$6,737 for taxable years 2006 through 2008. The taxpayer disagreed with the taxable income the Tax Discovery Bureau determined for each of the years. The taxpayer stated he would file income tax returns that would accurately show his Idaho taxable income. The Tax Commission, having reviewed the file, hereby issues its decision.

**BACKGROUND**

The Tax Discovery Bureau (Bureau) followed up on the taxpayer from a prior case wherein the taxpayer failed to file Idaho individual income tax returns for taxable years 1999 through 2005. The Bureau searched the Tax Commission’s records and found that the taxpayer did not file Idaho income tax returns for 2006, 2007, and 2008. The Bureau found the taxpayer was employed in Idaho during those years, so the Bureau sent the taxpayer a letter asking about his requirement to file Idaho income tax returns for 2006, 2007, and 2008. The taxpayer did not respond. The Bureau obtained additional information from [Redacted] and determined the taxpayer was required to file Idaho income tax returns. The Bureau prepared income tax returns for the taxpayer and sent him a Notice of Deficiency Determination.

The taxpayer protested the Bureau’s determination but acknowledged his requirement to file Idaho income tax returns. The taxpayer implied he had additional dependent exemption

deductions that were not allowed by the Bureau. The taxpayer stated he would like the opportunity to prove his deductions and actually receive a refund for those years.

The Bureau allowed the taxpayer additional time to file his income tax returns and claim his deductions; however, no returns or additional information was provided. Therefore, the Bureau 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 responded that he had been unemployed from February 2010 to January 2011 and he fell behind on his bills. He asked for a little more time so that he could address his unfiled returns. The Tax Commission allowed the taxpayer an additional thirty days to prepare his returns or to provide additional information. Just as the thirty days was about to expire, the taxpayer sent the Tax Commission another letter asking for more time. He stated he contacted his previous employer for copies of his W-2 statements and was still waiting for a response. The taxpayer stated he was trying as hard as he could to get something done.

The Tax Commission allowed the taxpayer additional time to submit his returns or additional information. Nearly four months later, the Tax Commission still has not received the taxpayer's returns or any additional information. Believing the taxpayer has had more than adequate time, the Tax Commission decided it was time to render its decision. Therefore, the Tax Commission decided the matter based upon the information available.

### **LAW AND ANALYSIS**

The taxpayer did not argue that he was not required to file Idaho individual income tax returns. On the contrary, the taxpayer acknowledged his requirement and stated he wanted to prove additional deductions.

Deductions are a matter of legislative grace, and it is the taxpayer's responsibility to show his entitlement to a deduction. 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). The taxpayer failed to provide any additional information or documentation to show he was entitled to additional deductions.

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 also failed to meet this burden of proof.

The Bureau based its income tax returns for the taxpayer upon W-2 wage and tax statements submitted to the Tax Commission. The Tax Commission reviewed the returns prepared by the Bureau and found that the returns are a fair representation of the taxpayer's Idaho taxable income for the years in question.

### **CONCLUSION**

The taxpayer received income from employment in Idaho. The taxpayer was required to file Idaho individual income tax returns. The taxpayer did not show that he was entitled to additional deductions nor did he show the returns the Bureau prepared were lacking in any other area. Therefore, the Tax Commission upholds the Bureau's determination.

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

THEREFORE, the Notice of Deficiency Determination dated August 25, 2010, and directed to [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>
2006	\$1,568	\$ 392	\$ 424	\$2,384
2007	1,589	397	318	2,304
2008	1,682	421	229	<u>2,332</u>
			TOTAL DUE	<u>\$7,020</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 \_\_\_\_\_ 2012.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2012, 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.  
  
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