

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 24392
[Redacted],)	
)	
Petitioner.)	DECISION
_____)	

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated June 17, 2011, asserting income tax, penalty, and interest in the total amount of \$5,330 for taxable years 2008 and 2009. Petitioner disagreed with the number of dependent exemptions the Tax Discovery Bureau (Bureau) allowed in its determination of his Idaho taxable income for each of the years. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

The Bureau received information that Petitioner may have had a requirement to file Idaho individual income tax returns for taxable years 2008 and 2009. The Bureau searched the Tax Commission’s records and found Petitioner failed to file Idaho individual income tax returns for taxable years 2008 and 2009. The Bureau sent Petitioner a couple of letters asking him about his requirement to file Idaho individual income tax returns. Petitioner did not respond.

The Bureau obtained additional information from [Redacted] and determined Petitioner was required to file income tax returns for taxable years 2008 and 2009. The Bureau prepared returns for Petitioner and sent him a Notice of Deficiency Determination.

Petitioner protested the Bureau’s determination. Petitioner disputed the number of dependents allowed on the income tax returns the Bureau prepared. The Bureau acknowledged Petitioner’s protest and asked him to submit income tax returns for taxable years 2008 and 2009. Petitioner did not respond. The Bureau followed up with a letter asking Petitioner to supply the

necessary documents and to reconsider his protest. Still Petitioner failed to respond. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission reviewed the matter and sent Petitioner a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. Petitioner did not respond. Therefore, 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). Petitioner's income exceeded that amount each year, based upon reported wages.

Petitioner's protest did not contest his requirement to file Idaho individual income tax returns. Petitioner's only dispute was the number of dependent exemptions allowed on the income tax returns prepared by the Bureau. Petitioner stated he should be allowed a total of three exemptions on his 2008 and 2009 income tax returns. Petitioner provided the names and social security numbers of the dependents he stated he could claim. Petitioner provided no other documentation.

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). Petitioner 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).

Petitioner failed to provide any information or support for the additional dependent exemptions; consequently, he must bear his misfortune that no deduction is allowed. Burnet v. Houston, 283 U.S. 223, 51 S. Ct. 413 (1931).

The Tax Commission reviewed the returns the Bureau prepared and found them to be a reasonable representation of Petitioner's Idaho taxable income based upon the information available.

CONCLUSION

Petitioner received income in excess of the filing requirement threshold; he was required to file Idaho individual income tax returns. Petitioner did not provide anything contrary to the 2008 and 2009 returns the Bureau prepared; therefore, the Tax Commission upholds the Bureau's determination for those taxable years.

The Bureau added interest and penalty to Petitioner'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 June 17, 2011, and directed to [Redacted] is AFFIRMED.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$1,901	\$475	\$334	\$2,710
2009	2,088	522	263	<u>2,873</u>
			TOTAL DUE	<u>\$5,583</u>

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.

DATED this _____ day of _____ 2013.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2013, 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.
