

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 24995
Petitioner.)
DECISION
_____)

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated April 2, 2012, asserting additional income tax and interest in the total amount of \$2,443 for taxable year 2008. Petitioner disagreed with the Income Tax Audit Bureau’s disallowance of her medical expenses and employee business expenses. Petitioner did not respond to the Tax Commission’s hearing rights letter and has not provided any additional information. The Tax Commission, having reviewed the file, hereby issues its decision.

BACKGROUND

Petitioner timely filed her 2008 Idaho individual income tax return. The Income Tax Audit Bureau (Bureau) selected Petitioner’s return for a review of her health insurance premiums deduction, her medical and dental itemized deductions, and her unreimbursed employee business expenses. The Bureau sent Petitioner several letters to several different addresses asking her to document the selected items on her Idaho income tax return. Of the letters that did not return as undeliverable, Petitioner failed to respond. Since Petitioner did not respond, the Bureau adjusted Petitioner’s Idaho income tax return, disallowing her health insurance premiums, her medical and dental expenses, and her unreimbursed employee business expenses as being unsubstantiated. The Bureau sent Petitioner a Notice of Deficiency Determination which Petitioner protested.

Petitioner stated her records were lost in a fire and that she was in the process of reconstructing her documentation. Petitioner stated that both her medical expenses and unreimbursed business expenses were ordinary and necessary and should be allowed as deductions. Petitioner also implied she would need additional time because of medical treatment she was undergoing from an accidental impaling. The Bureau acknowledged Petitioner's protest and allowed Petitioner additional time to provide her documentation. However, when it became apparent Petitioner was not going to provide the documentation, the Bureau referred the matter for administrative review.

The Tax Commission sent Petitioner a letter that discussed her options in the administrative review process. Petitioner did not respond to the initial letter or to the follow-up letter, so the Tax Commission decided the matter based upon the information available.

LAW AND ANALYSIS

Idaho Code section 63-3042 provides for the examination of books and records for the purpose of ascertaining the correctness of any return filed with the Idaho State Tax Commission. Furthermore, 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). Petitioner did not meet her burden; she failed to provide any documentation or substantiation of her medical expenses or her employee business expenses.

CONCLUSION

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). If a

taxpayer is unable to provide adequate proof of any material fact upon which a deduction depends, no deduction is allowed and that taxpayer must bear his misfortune. Burnet v. Houston, 283 U.S. 223, 51 S.Ct. 413 (1931). Petitioner failed to document the questioned deductions and expenses. Therefore, the Bureau was correct in adjusting Petitioner's Idaho income tax return for the undocumented expenses claimed.

The Bureau added interest to Petitioner's Idaho income tax deficiency. The Tax Commission reviewed that addition and found it appropriate and in accordance with Idaho Code section 63-3045.

THEREFORE, the Notice of Deficiency Determination dated April 2, 2012, and directed to [Redacted] is AFFIRMED.

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

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$2,136	\$421	\$2,557

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.
