

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

In the Matter of the Protest of )  
 )  
 REDACTED ) DOCKET NO. 0-535-900-160  
 )  
 ) Petitioner. )  
 )  
 ) DECISION  
 )  
 \_\_\_\_\_ )

On March 12, 2015, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to Redacted (petitioner) proposing income tax, penalty, and interest for taxable years 2007 through 2011 in the total amount of \$108,668.

A timely protest and petition for redetermination was filed by the petitioner. An informal hearing has not been requested. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision affirming the NODD.

When the Bureau could not find any record of the petitioner’s 2007 through 2011 Idaho individual income tax returns, the petitioner was sent a letter advising Redacted of the missing returns and asking Redacted for an explanation. The petitioner did not respond.

The Commission’s records and research conducted by the Bureau, show the petitioner had income in excess of the Idaho filing requirement. In Redacted the petitioner and another individual Redacted An Redacted showing the Redacted including the petitioner. According to information on file with the Redacted the other Redacted was removed from the Redacted leaving the petitioner as Redacted For the years shown on the NODD, the Bureau treated the Redacted as a disregarded entity and assigned all income from the Redacted to the petitioner as Redacted Because the petitioner did not file Redacted state income tax returns, the Bureau prepared provisional returns and issued an NODD. The NODD was based on information

obtained from Redacted and those records retained by the Commission. The petitioner protested the Bureau's determination.

The petitioner's protest letter dated May 14, 2015, submitted by Redacted attorney-in-fact, acknowledged the need to submit Idaho individual income tax returns for the taxable years shown on the NODD, and also acknowledged that tax returns had not been filed for taxable years 2012 through 2014. The letter requested additional time so that returns could be prepared and submitted. The letter went on to say, that once the actual returns were filed and Redacted expenses claimed, the total tax due amounts would be much lower than that shown in the NODD.

The Bureau acknowledged the protest and granted additional time in which to submit returns. The petitioner did not submit any returns and Redacted file was transferred to the Legal/Tax Policy Division of the Commission for administrative review.

The petitioner responded to a letter advising Redacted appeal rights, but did not request an informal hearing. The petitioner instead requested more time in which to submit returns. Another extension of time was allowed, but as of today's date no returns have been submitted. The time has come for the Commission to decide this matter.

During the years in question, the Redacted and filed the required returns for both. The NODD prepared by the Bureau was based on the total Idaho Redacted reported by the petitioner Redacted tax returns for taxable years 2007 through 2011. An Redacted was allowed to offset income. The Bureau also estimated an amount Redacted and allowed that as an expense.

Redacted An NODD issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Commission, 110 Idaho 572 (Ct. App. 1986). It is the taxpayers' responsibility, and the burden rests upon them to disclose their receipts and claim their proper deductions. United States v. Ballard, 535 F.2d 400 (1976). The Commission

recognizes that the petitioner may have had Redacted expenses to offset the income; yet, if the taxpayer is unable to provide adequate proof of any material fact upon which a deduction depends, no deduction is allowed and the taxpayer must bear Redacted misfortune. Burnet v. Houston, 283 U.S. 223, 51 S.Ct. 413 (1931).

Having presented no information in support of Redacted argument, the petitioner has failed to meet Redacted burden of proving error on the part of the deficiency determination. Therefore, the Commission must uphold the deficiency. The penalty and interest additions were calculated in conformity with Idaho Code §§ 63-3045 and 63-3046.

THEREFORE, the Notice of Deficiency Determination dated March 12, 2015, is hereby APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$19,938	\$4,985	\$7,017	\$31,940
2008	15,453	3,863	4,451	23,767
2009	11,517	2,879	2,742	17,138
2010	13,020	3,255	2,488	18,763
2011	14,169	3,542	2,132	<u>19,843</u>
			TOTAL DUE	<u>\$111,451</u>

Interest is calculated through April 22, 2016.

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 \_\_\_\_\_ 2015.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2015, 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.  
  
\_\_\_\_\_