

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 38984  
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 )  
Petitioner. ) DECISION  
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\_\_\_\_\_ )

On March 25, 2014, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer) proposing income tax, penalty, and interest for taxable year 2011, in the total amount of \$2,437.

**BACKGROUND**

On February 27, 2013, the Bureau sent the taxpayer a letter advising him that it could not find any record of the taxpayer’s 2011 Idaho individual income tax return and asking for an explanation for the missing return. The taxpayer did not respond.

The Bureau requested and received income information from [Redacted] in accordance with Internal Revenue Code § 6103(d) and Idaho Code § 63-3077. Those records indicated that the taxpayer’s income for the year in question exceeded the filing requirements of Idaho Code § 63-3030. Because the taxpayer did not file his state income tax return, the Bureau prepared a provisional return. That return was based on information obtained from [Redacted] and records retained by the Commission. The filing status of single was used to determine the taxpayer’s Idaho income tax responsibility. The Bureau determined the amount of Idaho income tax due based on three types of income: (1) income reported in [Redacted]; (2) wages reported to the Idaho Department of Labor; and (3) flow-through of income of an S-corporation “[Redacted]” of

which the taxpayer is 100 percent shareholder. Exemptions and deductions were allowed to offset the amount of Idaho income tax due.

On August 23, 2013, the Bureau sent the taxpayer an additional letter. In it, the Bureau enclosed the preliminary tax return, which the Bureau had calculated based on available information. “We realize,” the Bureau advised the taxpayer, “that you may have additional income and expenses. We would prefer you file an actual return.” The taxpayer was given until September 23, 2013, to submit a return. After that date, the Bureau advised the taxpayer, an NODD could be issued based on the preliminary tax return.

The taxpayer finally contacted the Bureau April 21, 2014, updating his address and indicating that he planned to file his 2011 individual income tax return. The taxpayer was advised, at that time, that he needed to also file his business return for [Redacted]

On May 27, 2014, the taxpayer submitted his return. However, the return included only one type of income: unemployment compensation income. The return omitted the 1099-C debt cancellation income, the wages reported to the Idaho Department of Labor, and the flow-through of income of [Redacted]

On June 3, 2014, the Bureau sent the taxpayer a letter acknowledging receipt of the 2011 tax return, but requesting that he revise the filed return to include the omitted income. The taxpayer was given until July 11, 2014, to submit a revised return. However, the taxpayer never submitted a revised return. Accordingly, the matter was sent for administrative review.

The Commission reviewed the matter and sent the taxpayer a letter that discussed the methods available for re-determining a protested NODD. The taxpayer did not respond.

The Commission, having reviewed the file, hereby issues its decision.

**ANALYSIS**

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 Comm'n, Dep't of Revenue & Taxation, 110 Idaho 572, 574, 716 P.2d 1344, 1346 (Ct. App. 1986). Here, the taxpayer failed to submit anything to show that the deficiency is erroneous. The taxpayer has not met his burden of showing that the NODD is erroneous. Since the taxpayer has not met his burden, the Commission finds the adjusted gross income amount for taxable year 2011, together with the pertinent exemptions and deductions, prepared by the Bureau, is a reasonable representation of the taxpayer's Idaho adjusted gross income based upon the information available.

The taxpayer has provided nothing that would dissuade the Commission from accepting the Bureau's determination of Idaho income and Idaho income tax for taxable year 2011. Therefore, the Commission upholds the Bureau's determination of the taxpayer's Idaho taxable income.

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

THEREFORE, the Notice of Deficiency Determination dated March 25, 2014, and directed to [Redacted], is hereby APPROVED and MADE FINAL.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$1,840	\$460	\$206.95	<u>\$2,506.95</u>
			TOTAL DUE	<u>\$2,506.95</u>

Interest is calculated through May 15, 2015.

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

IDAHO STATE TAX COMMISSION

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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.