

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted] ,) DOCKET NO. 1-871-972-352
Petitioners.)
_____) DECISION

This case arises from a timely protest of a Notice of Deficiency Determination (Notice) issued by the Tax Discovery Bureau (Bureau) to [Redacted] (Petitioners) for taxable years 2010 through 2014 in the amount of \$28,533. The Idaho State Tax Commission (Commission) after a thorough review of the matter upholds the Notice issued to Petitioners.

THEREFORE, the Notice dated November 28, 2016, and directed to Petitioners, is AFFIRMED as MODIFIED.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$660	\$165	\$183	\$1,008
2011	4,261	1,065	1,010	6,336
2013	4,835	1,209	809	6,853
			TOTAL DUE	<u>\$14,197</u>

Interest computed through September 19, 2018.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

The Commission upheld the decision as modified by the Bureau for the reasons discussed below.

BACKGROUND

During a review of taxpayer data, the Bureau found Petitioners did not file their Idaho individual income tax returns for taxable years 2010 through 2014. The Bureau

determined Petitioners had income in the identified years in excess of Idaho's filing requirement¹ as stated in Idaho Code. The Bureau sent Petitioners a taxpayer questionnaire and Petitioners did not respond. The Bureau using both Commission and third party information determined Petitioners were required to file Idaho individual income tax returns for taxable years 2010 through 2014. The Bureau prepared returns for Petitioners and sent them a Notice.

Petitioners protested the Notice and requested additional time to file their returns. The Bureau acknowledged Petitioners' protest and granted them additional time to file their returns. Petitioners filed their 2012 and 2014 Idaho individual income tax returns and the Bureau accepted them. However, when Petitioners did not file their Idaho individual income tax returns for taxable years 2010, 2011, and 2013; the Bureau transferred the matter for administrative review.

The Commission reviewed the matter and sent Petitioners a letter giving them two alternative methods available for redetermining a protested Notice. Petitioners did not request a hearing, but did request additional time to file their returns for taxable years 2010, 2011, and 2013. However, when Petitioners did not file their remaining returns the Commission decided the matter based upon the information available.

LAW AND ANALYSIS

Internal Revenue Code (I.R.C.) § 6012 states in part, that every individual having gross income that equals or exceeds the exemption amount in a taxable year shall file an

¹ **Idaho Code § 63-3030. Persons required to make returns of income.** (a) Returns with respect to taxes measured by income in this chapter shall be made by the following: (1) Every resident individual required to file a federal return under section 6012(a)(1) of the Internal Revenue Code. (2) Any nonresident individual having for the current taxable year a gross income from Idaho sources in excess of two thousand five hundred dollars (\$2,500), or any part-year resident individual having for the current taxable year a gross income from all sources while domiciled in or residing in Idaho, and from Idaho sources while not domiciled in and not residing in Idaho, which in total are in excess of two thousand five hundred dollars (\$2,500);

income tax return. Idaho Code provides the income thresholds² for filing Idaho individual income tax returns and states that every resident individual that is required to file a federal return under I.R.C. § 6012(a)(1) is required to file Idaho individual income tax returns. The information gathered by the Bureau clearly show Petitioners received income exceeding the threshold amounts for filing their Idaho individual income tax returns for taxable years 2010, 2011, and 2013.

CONCLUSION

On appeal, a deficiency determination issued by the Commission “is presumed to be correct, and the burden is on the taxpayer to show that the Commission’s decision is erroneous.” *Parker v. Idaho State Tax Comm’n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010) (citing *Albertson’s Inc. v. State Dep’t of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). The Commission requires Petitioners to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Here, Petitioners did not provide adequate evidence.

Petitioners had income during taxable years 2010, 2011, and 2013, in excess of the filing requirement of Idaho Code. Petitioners were required to file Idaho individual income tax returns. The Idaho individual income tax returns the Bureau prepared for Petitioners included all of Petitioners’ known income and allowable deductions.

The Bureau added interest and penalty to Petitioners’ income tax liability. The Commission reviewed those additions and found them appropriate and in accordance with Idaho Code §§ 63-3045 and 63-3046.

² See Footnote 1.

An explanation of Petitioners' right to appeal this decision is enclosed.

DATED this _____ day of _____ 2018.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2018,
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.
