

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted]) DOCKET NO. 0-158-705-664
)
)
Petitioners.) DECISION
)
_____)

[Redacted] (Petitioners) protested the Notice of Deficiency Determination dated April 11, 2017. Petitioners disagreed with the Idaho income tax as determined by the Tax Discovery Bureau (Bureau). The Tax Commission reviewed the matter and hereby upholds the Bureau’s determination.

BACKGROUND

Petitioners did not file Idaho income tax returns for tax years 2007 and 2008. The Bureau sent Petitioners a letter asking about their requirement to file Idaho income tax returns. Petitioners did not respond. The Bureau gathered income information on Petitioners and found they were required to file Idaho income tax returns for both years. The Bureau prepared Idaho income tax returns from the information gathered and sent Petitioners a Notice of Deficiency Determination.

Petitioners protested. Petitioners stated they had deductions they could claim for those years. Petitioners stated they would prepare their returns as soon as possible. The Bureau acknowledged Petitioners’ protest and gave them additional time to prepare and submit their income tax returns. However, after months with no further contact, the Bureau referred the matter for administrative review.

The Appeals Unit (Appeals) sent Petitioners a letter asking how they wanted to proceed with their protest. Petitioners did not respond. Since Petitioners had more than enough time to provide their income tax returns, the Tax Commission decided their case based on the information available.

LAW AND ANALYSIS

Idaho has income thresholds for filing Idaho income tax returns. *See* Idaho Code § 63-3030. Petitioners' income for each of the years exceeded the filing threshold. Petitioners were required to file Idaho income tax returns for 2007 and 2008.

In Idaho, a State Tax Commission deficiency determination is accepted as correct. The taxpayer must show the deficiency is wrong. *See Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). Petitioners argued they had deductions not accounted for by the Bureau. However, deductions are a matter of legislative grace (*New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S.Ct. 788 (1934)) and the taxpayer bears the burden of proving he is entitled to the deduction (*Higgins v. C.I.R.*, T.C.M. 1984-330 (1984)). Petitioners provided no information for the deductions they potentially had nor, did they provide anything to show the returns prepared by the Bureau were wrong. Petitioners did not prove their case.

The Tax Commission reviewed the returns the Bureau prepared. Based on the information presented, the Tax Commission found Petitioners' Idaho tax for each of the years is correct.

CONCLUSION

Petitioners received income during the tax years in excess of Idaho's filing requirement. Petitioners should have filed Idaho income tax returns.

Petitioners did not show the returns the Bureau prepared were wrong. Therefore, the Tax Commission finds that Petitioners owe Idaho income tax for 2007 and 2008.

The Bureau added interest and penalty to Petitioners' Idaho tax. The Tax Commission reviewed those additions. The Tax Commission found the additions correctly applied according to Idaho Code §§ 63-3045 and 63-3046.

THEREFORE, the Tax Commission AFFIRMS the Notice of Deficiency Determination dated April 11, 2017, directed to [Redacted]

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>
2007	\$2,717	\$679	\$1,284	\$4,680
2008	1,565	391	639	<u>2,595</u>
			TOTAL DUE	<u>\$7,275</u>

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

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

DATED this _____ day of _____ 2019.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2019,
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.
