

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

|                                 |   |                          |
|---------------------------------|---|--------------------------|
| In the Matter of the Protest of | ) |                          |
| [Redacted]                      | ) | DOCKET NO. 1-088-619-520 |
|                                 | ) |                          |
| Petitioner.                     | ) | DECISION                 |
| _____                           | ) |                          |

[Redacted] (Petitioner) protested the Notice of Deficiency Determination dated August 29, 2017. Petitioner disagreed with the Idaho individual income tax return the Tax Discovery Bureau (Bureau) prepared for him for tax year 2015. The Tax Commission, having reviewed the file, upholds the Notice of Deficiency Determination.

**BACKGROUND**

Following up on a previous audit on Petitioner, the Bureau found that he did not file an Idaho individual income tax return for tax year 2015. The Bureau reviewed information from the Idaho Department of Labor and found that Petitioner received wages in 2015. The Bureau sent Petitioner a letter asking about his requirement to file an Idaho income tax return. Petitioner did not respond. The Bureau determined Petitioner was required to file an Idaho income tax return, so it prepared an income tax return for Petitioner. The Bureau sent Petitioner a Notice of Deficiency Determination, which Petitioner protested.

Petitioner stated the Bureau’s determination was incorrect. Petitioner stated he had 50 percent custody of his two minor children. Petitioner stated he also adopted a third child in 2015. Petitioner stated he does not believe the status of single, as the Bureau determined, is a fair assessment of his situation. Petitioner stated he would file a correct income tax return after the results of a custody hearing for his children.

The Bureau acknowledged Petitioner's protest and allowed him additional time to prepare and submit his 2015 return. Petitioner did not provide his return. Therefore, the Bureau referred the matter for administrative review.

The Appeals Unit reviewed the matter and sent Petitioner a letter giving him his options for redetermining a protested Notice of Deficiency Determination. Petitioner did not respond, so the Tax Commission decided the matter based upon the information available.

### **LAW AND ANALYSIS**

In 2015, Petitioner received wages from [Redacted] in excess of the filing requirements for an Idaho resident as stated in Idaho Code § 63-3030. Petitioner was required to file an Idaho income tax return.

The return the Bureau prepared for Petitioner reported his wages as his sole source of income. The Bureau reported Petitioner's filing status as single with one exemption; his personal exemption.

Petitioner did not dispute the amount of income the Bureau attributed to him. Petitioner disputes his filing status and the number of exemptions. Petitioner implied in his protest letter that he may be entitled to three additional exemptions and his filing status should be head of household. However, deductions are a matter of legislative grace and taxpayers bear the burden of proving they are entitled to the deductions claimed. *See 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 provided no documentation or additional information to support any additional exemptions or a head of household filing status. Because Petitioner did not substantiate those claims and there is nothing in the Tax Commission's records that would indicate Petitioner could claim additional dependent exemption deductions, the Tax

Commission finds no basis to change the Bureau's determination.

In Idaho, a State Tax Commission deficiency determination is presumed correct and the burden is on the taxpayer to show that the deficiency is erroneous. *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). Petitioner provided nothing to show the return the Bureau prepared was incorrect. Petitioner did not meet his burden of proof.

### CONCLUSION

Petitioner's income exceeded the requirement to file an Idaho individual income tax return. Petitioner did not show that the return prepared by the Bureau was incorrect. From the information available, the Bureau's determination of Petitioner's filing status and the number of exemptions he could claim was correct. Therefore, the Tax Commission upholds the Bureau's determination that Petitioner was required to file an Idaho income tax return for 2015, and its determination of Petitioner's Idaho taxable income.

The Bureau added interest and penalty to Petitioner's 2015 tax deficiency. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code §§ 63-3045 and 63-3046, respectively.

THEREFORE, the Tax Commission AFFIRMS the Notice of Deficiency Determination dated August 29, 2017, directed to [Redacted]

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

| <u>YEAR</u> | <u>TAX</u> | <u>PENALTY</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|----------------|-----------------|--------------|
| 2015        | \$1,826    | \$457          | \$222           | \$2,505      |

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

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

IDAHO STATE TAX COMMISSION

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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.

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