

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-524-209-664
[Redacted])	
)	
Petitioner.)	DECISION
_____)	

The Idaho State Tax Commission (Commission) reviewed your case and this is our final decision. We uphold the Notice of Deficiency Determination (Notice) dated December 14, 2017. This means **you need to pay \$46,258** of tax, penalty, and interest for taxable years 2013 through 2016. The Commission now DEMANDS immediate payment of this amount.

Background

The Tax Discovery Bureau (Bureau) received information that [Redacted]

(Petitioners) may have a requirement to file Idaho resident individual income tax returns for the previously mentioned years. The Bureau researched the Commission’s records and found that Petitioners had not filed Idaho income tax returns for taxable years 2013 through 2016. The Bureau sent Petitioners a letter asking about their requirement to file Idaho resident individual income tax returns. Petitioners did not respond to the Bureau’s inquiry.

Commission records show for each of the years under review Petitioners’ W-2 wages and 1099 income were more than the filing requirement and in addition, Petitioners owned and operated a business as a sole proprietorship. Petitioners had a requirement to file Idaho resident income tax returns for taxable years 2013 through 2016. Therefore, the Bureau prepared resident individual income tax returns for Petitioners and sent them a Notice.

In response to the Notice Petitioners sent a prompt protest disagreeing with the Bureau’s determination. Petitioners said in their protest letter that the Notice is incorrect because it did not allow any deductions or expenses.

The Bureau sent Petitioners a letter acknowledging their protest and allowing them more time to file the missing returns. When returns did not arrive, the Bureau sent Petitioners' case to the Appeals unit for administrative review. Petitioners did respond to the Commission's letter outlining their options for redetermining the protested Notice, but they did not request an informal hearing, only more time to send the missing returns.

Analysis

For each year shown in the Notice, Commission records show Petitioners received W-2 wages with Idaho income taxes withheld. In addition, for each year Petitioners filed sales and use tax reports with the Commission for their business,[Redacted] For taxable years 2013 and 2014, Petitioners also received income reported to them on form 1099-G; taxable years 2013 through 2015 included dividend income reported on form 1099-Div; and taxable year 2014 included income reported on form 1099-Int. The Bureau made the determination of Petitioners' income from these, with an estimation of Schedule C income¹, an allowance for withholdings and a filing status of Married, filing joint. To date, Petitioners have failed to file the missing returns.

Conclusion

In Idaho, it is well established that a Commission Notice is presumed to be correct, and the taxpayer bears the burden of showing 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); *Albertson's, Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 683 P.2d 846 (1984). Petitioners have not met their burden. Therefore, the Commission upholds the Bureau's calculation of Petitioners' Idaho income tax liability for taxable years 2013 through 2016.

¹ The amount of estimated Schedule C income is gross sales reported to the Commission with a deduction for payroll expense based on the Idaho wages reported to the Commission and a deduction for other expenses based on a 35% average determined by the Commission.

The Bureau added interest and penalty to Petitioners' tax deficiency. The Commission reviewed those additions and found them proper per Idaho Code §§ 63-3045 and 63-3046, respectively.

The Notice dated December 14, 2017, and directed to [Redacted] is hereby APPROVED and MADE FINAL.

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>
2013	\$6,781	\$1,695	\$1,397	\$9,873
2014	8,465	2,116	1,405	11,986
2015	8,513	2,128	1,072	11,713
2016	9,477	2,369	840	<u>12,686</u>
			TOTAL DUE	<u>\$46,258</u>

Interest is computed to July 19, 2019.

An explanation of the 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.
