

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

In the Matter of the Protest of	)	
[REDACTED],	)	DOCKET NO. 1-180-432-384
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 January 9, 2019. This means **you need to pay \$121,455** of tax, penalty, and interest for taxable years 2013 through 2016. The Commission now DEMANDS immediate payment of this amount.

**Background**

In the normal course of business, the Commission’s Tax Discovery Bureau (Bureau) reviewed the filing history and income information of [REDACTED] (Petitioner). The Bureau determined Petitioner may have a requirement to file Idaho resident individual income tax returns for tax years 2013 through 2016. The Bureau sent Petitioner a letter asking about his requirement to file Idaho resident individual income tax returns for these years. Petitioner did not respond to the Bureau’s inquiry.

Commission records show for each of the years under review Petitioner is the sole member of the [REDACTED], receiving W-2 wages in tax years 2013 through 2015, and 1099 income in all years, in excess of the filing requirement. Therefore, the Bureau prepared resident individual income tax returns for Petitioner and sent him a Notice.

In response to the Notice Petitioner sent a prompt protest disagreeing with the Bureau’s determination of his Idaho income tax due. Petitioner stated in his protest letter the income amounts used to determine his tax are “inflated and/or excessive and not properly calculated.”

Petitioner went on to say he intended to file returns, properly calculating his Idaho income tax due.

The Bureau sent Petitioner a letter acknowledging his protest and allowing him more time to file the missing returns. When returns did not arrive, the Bureau sent Petitioner's case to the Commission's Appeals (Appeals) unit for administrative review. Petitioner did not respond to Appeals' letter outlining his options for redetermining the protested Notice. A follow-up letter also went unanswered and to date, Petitioner has not filed the missing returns.

### **Analysis**

As mentioned previously, for some years in the Notice, Commission records show Petitioner received W-2 wages with Idaho income taxes withheld. Petitioner also received income reported to him on form 1099-Misc and 1099-K for his business, [REDACTED]

[REDACTED] The Bureau made the determination of Petitioner's income from these, estimating gross receipts<sup>1</sup> <sup>2</sup> and expenses<sup>3</sup>, with an allowance for withholdings and wages paid to employees as reported to the Commission, and a filing status of single.

### **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. *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, 814, 683 P.2d 846, 850 (1984).

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<sup>1</sup> Gross receipts for tax years 2013 and 2014 are based on Petitioner's 2011 and 2012 Schedule C reported to the IRS. The total of forms 1099-Misc and 1099-K issued to Petitioner in these years was divided by the total gross receipts reported, which is 74%. The total of forms 1099 issued to Petitioner in 2013 and 2014 was multiplied by 74%.

<sup>2</sup> Gross receipts for tax years 2015 and 2016 are based on forms 1099-Misc and 1099-K.

<sup>3</sup> Business expenses are estimated at 22%. This is an average of the percentage of cost of goods sold reported on Petitioner's 2011 and 2012 Schedule C filed with the IRS.

Petitioner has not met this burden. Therefore, the Commission upholds the Bureau's calculation of Petitioner's Idaho income tax liability for taxable years 2013 through 2016.

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

THEREFORE, the Notice dated January 9, 2019, and directed to [REDACTED] is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest computed to June 30, 2020.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	\$8,693	\$2,173	\$2,160	\$13,026
2014	12,902	3,226	2,690	18,818
2015	32,394	8,099	5,456	45,949
2016	31,614	7,904	4,144	<u>43,662</u>
			TOTAL DUE	<u>\$121,455</u>

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 \_\_\_\_\_ 2020.

IDAHO STATE TAX COMMISSION

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2020,  
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:



Receipt No.

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