

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

In the Matter of the Protest of )  
 )  
 [REDACTED], ) DOCKET NO. 1-522-087-936  
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 )  
 Petitioners. ) DECISION  
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 \_\_\_\_\_ )

[REDACTED] (Petitioners) protested the Notice of Deficiency Determination dated September 11, 2018. Petitioners disagreed with the Tax Discovery Bureau’s (Bureau) determination of their Idaho taxable income for tax years 2012 through 2014. Petitioners stated they would file returns showing their actual Idaho taxable income. The Tax Commission reviewed the matter and hereby modifies the Notice of Deficiency Determination.

**BACKGROUND**

In reviewing the Tax Commission’s records, Bureau found Petitioners did not file Idaho individual income tax returns for tax years 2012 through 2014. The Bureau sent Petitioners a letter asking about the missing Idaho income tax returns. Petitioners did not respond. The Bureau obtained income information from the Internal Revenue Service (IRS) and determined Petitioners were required to file Idaho income tax returns for the missing tax years. The Bureau prepared income tax returns for Petitioners and sent them a Notice of Deficiency Determination.

Petitioners protested stating they had additional expenses that could be claimed. Petitioners also questioned some of the income the Bureau included. Petitioners stated the unemployment compensation [REDACTED] received had withholdings for taxes. Petitioners stated they would prepare and submit their own income tax returns.

The Bureau acknowledged Petitioners protest and allowed them time to prepare and file their returns. Petitioners prepared and submitted returns for 2012 and 2014. The Bureau reviewed

those returns and accepted them in lieu of the returns it prepared for 2012 and 2014. The Bureau continued to ask Petitioners for their 2013 return but never received it. Seeing that Petitioners had more than enough time to prepare and submit their 2013 return, the Bureau referred the matter to the Tax Commission's Appeals Unit (Appeals).

Appeals reviewed the matter and sent Petitioners a letter that discussed the methods available for redetermining a Notice of Deficiency Determination. Petitioners did not respond. The Tax Commission, seeing that Petitioners had more than sufficient time to submit their return, decided the matter based upon the information available.

### **LAW AND ANALYSIS**

Idaho Code section 63-3030 provides the income thresholds for filing Idaho individual income tax returns. The information gathered by the Bureau clearly shows Petitioners received income in 2012, 2013, and 2014 that exceeded the threshold amount for filing Idaho income tax returns. Therefore, Petitioners were required to file Idaho individual income tax returns.

Petitioners did not deny they were required to file Idaho income tax returns for the years in question. Petitioners wanted to provide returns of their own. Petitioners provided returns for tax years 2012 and 2014; however, they have yet to submit a return for tax year 2013.

Petitioners stated they had additional deductions and expenses that they could claim. However, Petitioners provided nothing to show they were entitled to anything other than what the Bureau allowed. Deductions are a matter of legislative grace. *New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S.Ct. 788 (1934). The burden rests upon the taxpayer to disclose his receipts and claim his proper deductions. *United States v. Ballard*, 535 F.2d 400, 404 (1976).

In Idaho, a State Tax Commission deficiency determination is presumed to be correct, and the burden is on the taxpayer to show that 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).  
Petitioners met their burden for 2012 and 2014 but have provided nothing for 2013.

The Bureau accepted Petitioners' 2012 and 2014 income tax returns. The Tax Commission reviewed those returns and agreed with the Bureau that the returns should be accepted in lieu of the returns the Bureau prepared. However, as for tax year 2013, Petitioners did not meet their burden of showing the return the Bureau prepared was incorrect. Therefore, the Tax Commission upholds the Bureau's determination for tax year 2013.

### **CONCLUSION**

Petitioners received income in the taxable years 2012 through 2014 that exceeded the threshold for filing Idaho income tax returns. Petitioners were required to file Idaho income tax returns. Petitioners subsequently provided returns for tax years 2012 and 2014. The Tax Commission reviewed those returns, accepts them, and cancels the Notice of Deficiency Determination as it pertained to those returns. Petitioners did not submit a return for taxable year 2013. The return the Bureau prepared for Petitioners for 2013 was based upon income information available to the Tax Commission. Since Petitioners provided nothing contrary to the 2013 return the Bureau prepared, the Tax Commission upholds the Notice of Deficiency Determination for taxable year 2013.

The Bureau added interest and penalty to Petitioners' Idaho tax. The Tax Commission reviewed those additions and found them to be appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046.

THEREFORE, the Notice of Deficiency Determination dated September 11, 2018, and directed to [REDACTED] 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>
2013	\$2,077	\$519	\$523	\$3,119

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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