

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-911-994-368
[REDACTED] ,)	
)	
Petitioner.)	DECISION
_____)	

This case arises from a timely protest of a Notice of Deficiency Determination (Notice) issued to [REDACTED] (Petitioner) for taxable year 2015. The Idaho State Tax Commission (Commission) after a thorough review of the matter upholds the Notice issued to Petitioner.

THEREFORE, the Notice dated June 21, 2018, and directed to Petitioner, is AFFIRMED.

IT IS ORDERED that Petitioner pay the following tax and interest.

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$201	\$34	\$235

Interest computed through July 28, 2020.

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

The Commission upholds the decision for the reasons discussed below.

BACKGROUND

This audit began with a Credit for Idaho Educational Entity Contributions lead regarding Petitioner's Form 40, Idaho Individual Income Tax Return for taxable year 2015. Petitioner took a \$200 credit for contributions to an Idaho educational entity, a \$100 credit for contributions to Idaho youth and rehabilitation facilities, and a \$400 deduction for a technological equipment donation to Computers for Kids Inc. Audit a sent letter to

Petitioner requesting information to include any receipts and/or cancelled checks for any contributions to Idaho educational entities, to any Idaho youth and rehabilitation facilities, and any technological equipment donation(s). Petitioner provided additional information which was thoroughly reviewed by Audit resulting in adjustments to Petitioner's Idaho return. Petitioner's additional information fully substantiated the credit for contributions to Idaho youth and rehabilitation facilities. Petitioner's credit for contributions to Idaho educational entity was adjusted and the deduction for the technological equipment donation was denied. Audit sent Petitioner a letter showing the tax effects of the adjustment to the credit for contributions to Idaho educational entity and the denial of the deduction for technological equipment donation. Audit issued a Notice when Petitioner did not respond to the billing letter. Petitioner protested the Notice and the matter was transferred for administrative review.

The Commission sent Petitioner a letter with two methods for redetermining a protested Notice. Petitioner did not request a hearing, nor provide any additional information. The Commission decided the matter based upon available information.

LAW AND ANALYSIS

Idaho Code¹ states Petitioner is entitled to an amount up to 50% of the charitable contribution to an authorized entity. Petitioner claimed a credit for \$200 but was only able

¹ **Idaho Code section 63-3029A. Income Tax Credit for Charitable Contributions – Limitation.** [Effective until January 1, 2020] states in part: At the election of the taxpayer, there shall be allowed, subject to the applicable limitations provided herein, as a credit against the income tax imposed by chapter 30, title 63, Idaho Code, an amount equal to fifty percent (50%) of the aggregate amount of charitable contributions made by such taxpayer during the year to a nonprofit corporation, fund, foundation, trust, or association organized and operated exclusively for the benefit of institutions of higher learning located within the state of Idaho, including a university related research park, to nonprofit private or public institutions of elementary, secondary, or higher education or their foundations located within the state of Idaho, to Idaho education public broadcast system foundations within the state of Idaho, to the Idaho state historical society or its foundation, to the council for the deaf and hard of hearing, to the developmental disabilities council, to the commission for the blind and visually impaired, to the commission on Hispanic affairs, to the state independent living council, to the Idaho commission for libraries and to public libraries

to substantiate \$60 of the claimed amount. In accordance with Idaho Code Petitioner is only eligible for a \$30 credit.

Idaho Code² states that an individual or corporation may take a deduction for technological equipment donated to an authorized entity. However, Petitioner is claiming a deduction for a donation to Computers for Kids Inc. which is not on the list of the approved entities. Petitioner's deduction for the technological equipment donation is denied.

Deductions/expenses are a matter of legislative grace and only as there is clear provision therefore can any particular deduction be allowed. *New Colonial Ice Co., Inc. v. Helvering*, 292 U.S. 435, 54 S.Ct. 788 (1934). The petitioner bears the burden of proving that he is entitled to the deduction. *Higgins v. C.I.R.*, T.C. Memo. 1984-330 (1984). The burden rests upon the taxpayer to disclose his receipts and claim his proper deductions. *United States v. Ballard*, 535 F.2d 400 (1976).

CONCLUSION

On appeal, a deficiency determination issued by the Commission "is presumed to be correct and the burden is on the taxpayer to show that the Commission's decision is erroneous." *Parker v. Idaho State Tax Comm'n*, 148 Idaho 842, 845, 230 P.3d 734, 737

or their foundations and library districts or their foundations located within the state of Idaho, to nonprofit public or private museums or their foundations located within the state of Idaho and to dedicated accounts within the Idaho community foundation Inc. that exclusively support the charitable purposes otherwise qualifying for the tax credit authorized under the provisions of this section.

² **Idaho Code section 63-3022J** states in part: (1) Any individual or corporation may deduct from taxable income an amount equal to the fair market value of technological equipment donated to public elementary or public secondary schools, private elementary or private secondary schools, public universities, private universities, public colleges, private colleges, public community colleges, private community colleges, public technical colleges or private technical colleges, or public libraries and library districts located within the state of Idaho, except that the amount of the deduction shall not exceed the amount of the taxpayer's cost of the technological equipment donated nor reduce Idaho taxable income to less than zero. The deduction allowed pursuant to this section shall be in addition to any other deduction allowed pursuant to this chapter. In order to take the deduction pursuant to this section, the taxpayer shall receive a written statement from the donee in which the donee agrees to accept the technological equipment donated.

(2010) (*citing Albertson's Inc. v. State Dep't of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). The Commission requires Petitioners to provide adequate evidence to establish the amount asserted in the Notice is incorrect. Here, Petitioner did not provide adequate evidence. As a result, the Commission upholds the Notice.

An explanation of the 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:

[REDACTED]

Receipt No.

[REDACTED]