BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-014-734-336
[redacted]	)	
	)	
Petitioners.	)	DECISION
	)	

[redacted] (Petitioners) protested the Notice of Deficiency Determination (Notice) dated August 22, 2025. Petitioners disagreed with the Idaho State Tax Commission's (Tax Commission) Tax Discovery Bureau's (Bureau) determination of their Idaho taxable income for tax year 2023. After review, the Tax Commission upholds the Notice for the reasons stated below.

BACKGROUND

During routine review, the Bureau discovered that Petitioners did not file their 2023 Idaho individual income tax return. The Bureau sent Petitioners a letter informing them of the missing return and asking about their requirement to file an Idaho income tax return. Petitioners responded stating that they are required to file a 2023 return, they intend to file, and they are searching for a new accountant to assist them.

The Bureau gave Petitioners additional time to file their return and then issued a Notice when the return was not received. The Notice was created using available information including Form 1099, estimated business income, estimated business expenses, and payroll expenses.

Petitioners protested the Notice asserting that the calculated tax liability was higher than past years and did not allow for the increase of operational costs or personal deductions. The Bureau acknowledged Petitioners' protest and explained that to claim actual income, expenses, personal deductions, credits, and/or dependents they would need to file their 2023 individual income tax return. When no return was provided, the Bureau forwarded the matter to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent Petitioners a letter discussing the alternatives for redetermining a protested Notice. Petitioners contacted Appeals to discuss the amount due in the Notice and were informed how the estimated net business income was determined. Petitioners also stated they have not found an accountant to file their return. Appeals requested status updates on the missing return, but none were provided. With no further communication, the Tax Commission issues its decision based on the information presently available.

LAW AND ANALYSIS

Idaho Code section 63-3030(a)(1) requires each individual who is a resident of Idaho to file an Idaho income tax return if required to file a federal return. Internal Revenue Code section 6012 states that the requirement to file a federal return is based on gross income. The information the Bureau gathered clearly shows that Petitioners' income exceeded the threshold for tax year 2023. Petitioners are required to file an Idaho income tax return. Petitioners did not deny they are required to file an Idaho income tax return. They want to file their own to receive all their expenses, deductions, and credits.

Petitioners assert they have expenses, personal deductions, and credits that would reduce the amount of tax due shown in the Notice, but they provided no documentation to support their claim. Deductions are a matter of legislative grace, and the taxpayers bear the burden of showing that each deduction is allowable by statute. *New Colonial Ice Co. v. Helvering*, 292 US. 435, 54 S.Ct. 788 (1934); *Higgins v. C.I.R.,* T.C. Memo. 1984-330, (1984). The burden rests upon the taxpayer to disclose its receipts and claim its proper deductions. *United States v. Ballard*, 535 F.2d 400 (1976). A taxpayer's general statement that he has deductions attributable to a particular tax year is not sufficient to establish the deduction or that the deduction is allowable. *Near v. Commissioner of Internal Revenue,* T.C. Memo. 2020-10 (2020). If a taxpayer is unable to provide adequate proof of any material fact upon which a deduction depends, no deduction is allowed, and the taxpayer must bear its misfortune. *Burnet v. Houston*, 283 US. 223, 51 S.Ct. 413 (1931).

In Idaho, it is well established that a Tax 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 (Ct. App. 1986) (citing *Albertson's Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814 (1984)). The Tax Commission requires Petitioners to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Petitioners have not met their burden.

CONCLUSION

Petitioners received income exceeding Idaho's filing requirements for tax year 2023. They have not filed an actual return or provided evidence showing the return prepared by the Bureau is incorrect. The Tax Commission reviewed the return the Bureau prepared and found it to be a reasonable representation of Petitioners' Idaho taxable income based on information available. Therefore, the Tax Commission upholds the Bureau's determination of Petitioners' taxable income for 2023.

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

THEREFORE, the Notice dated August 22, 2025, and directed to [redacted] is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest calculated per Idaho Code section 63-3045:

YEAR	TAX	PENALTY	INTEREST	TOTAL
2023	$47,509	$11,877	$5,584	$64,970

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

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

DATED this ________ day of __________________________ 2026.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this ________ day of ______________________________ 2026, 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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