

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

██████████

Petitioner.

DOCKET NO. 0-025-547-776

DECISION

██████████ (Petitioner) protested the Notice of Deficiency Determination (Notice) issued by the staff of the Compliance Division (Division) of the Idaho State Tax Commission (Tax Commission) regarding Petitioner's status as a responsible party for ██████████ (██████████ or Company). The Notice proposed sales tax, penalty, and interest owed by ██████████ for the audit period of February 1, 2023, through November 30, 2023, in the total amount of \$11,408.26. After administrative review, the Tax Commission hereby upholds the Notice for the reasons set forth below.

BACKGROUND

██████████ is a limited liability company organized in the State of Florida and located in ██████████ Florida. The Company was registered with the Florida Secretary of State on ██████████. The registration identified ██████████ and ██████████ as authorized managers. Effective January 8, 2024, the authorized managers were changed to ██████████ and ██████████.

██████████ obtained an Idaho seller's permit on ██████████ and asserted that the business began operations during the fourth quarter of 2022 and established economic nexus with Idaho in May 2023. The Company subsequently provided sales records for the time prior to obtaining the permit. The Tax Discovery Bureau (Bureau) reviewed ██████████ Idaho sales activity for the period February 1, 2023, through November 30, 2023, and issued a Notice on

April 7, 2025. No protest or payment was received, and the assessment became final. On November 4, 2025, the case was transferred to the Division for collection of the tax, penalty and interest shown in the Notice.

The Compliance officer initiated Responsible Party Due Process proceedings against [REDACTED] and Petitioner and issued separate Notices to both individuals on December 19, 2025. On December 23, 2025, Petitioner contacted the Compliance officer and stated that he was a shareholder and Advisory Board member of the Company. Petitioner further stated that he had access to the Company's bank accounts but was not heavily involved in Company operations. Petitioner also requested abatement of penalty. Following discussion and negotiation, the Compliance officer agreed to waive one-half of the assessed penalty provided that the Company submitted a written request for penalty abatement and promptly paid the remaining tax liability in full.

On December 30, 2025, Petitioner did submit a written request for penalty abatement and stated that the payment would be processed promptly. The Compliance officer communicated the proposed settlement to [REDACTED] representatives, including Petitioner, [REDACTED] [REDACTED] Chief Operating Officer, and [REDACTED] [REDACTED] the Company's accountant. On January 6, 2026, [REDACTED] [REDACTED] requested a three-month payment arrangement to satisfy the outstanding balance of \$11,448.93. The proposed arrangement provided for payments due January 20, 2026, February 20, 2026, and March 20, 2026. The Compliance officer approved the request and issued a Payment Arrangement letter on January 16, 2026.

Although the payment arrangement was in effect, Petitioner protested the Notice on February 17, 2026, and stated that he was somewhat confident Mr. [REDACTED] would fulfill the

payment arrangement but did not wish to assume any personal risk. The Division then forwarded the case to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Petitioner asserted that he never exercised financial control over [REDACTED] and that all payment decisions were made by [REDACTED] [REDACTED] Chief Executive Officer, or [REDACTED] [REDACTED] Chief Operating Officer. Petitioner further asserted that he lacked authority to determine which creditors would be paid and merely processed payments under the direction of the Company's leadership. Petitioner also stated that he resigned from accounting duty in June 2023 and was unaware of any Idaho sales tax liabilities at that time.

In support of his position, Petitioner cited Idaho Code section 63-3627 and argued that he never had a duty to account for or remit Idaho taxes on behalf of the Company and therefore should not be held personally liable.

Appeals sent Petitioner a letter outlining the options for redetermining a protested Notice, providing an update that [REDACTED] had fully satisfied the liability through installment payments received on January 20, February 20, and March 20, 2026, totaling \$11,448.93. The Compliance officer closed the collection case on March 25, 2026. As a result, the liability for the audit period has been fully paid, and no balance remains outstanding.

Appeals also provided Petitioner with information regarding the next available procedural options. Petitioner did not respond. Follow-up correspondence and email communications likewise went unanswered.

Accordingly, the Tax Commission, having reviewed all available information, hereby issues its decision.

LAW & ANALYSIS

The primary issue is whether Petitioner is a responsible party of [REDACTED] and therefore personally liable under Idaho Code section 63-3627(a) for taxes that the Company failed to satisfy.

RESPONSIBLE PARTY DETERMINATION

Idaho Code section 63-3627 (a) addresses the responsibility for taxes:

63-3627.RESPONSIBILITY FOR TAXES.

(a) Every person with the duty to account for and pay over any tax which is imposed upon or required to be collected by any taxpayer under this chapter on behalf of such taxpayer as an officer, member or employee of such taxpayer, shall be personally liable for payment of such tax, plus penalties and interest, if he fails to carry out his duty.

Pursuant to Idaho Code section 63-3627(a), any officer, member, or employee with the duty to account for and remit taxes on behalf of a taxpayer may be held personally liable for the unpaid taxes, penalties and interest, if that duty is not fulfilled.

Although Idaho Code section 63-3627 does not specifically define the term “responsible party”, the definition may be found under Internal Revenue Service (IRS) guidance.

Internal Revenue Service (IRS) defines:

A responsible party is someone who owns, controls or exercises effective control over a business, nonprofit or other legal entity and directly or indirectly manages its funds and assets.

Responsible parties for your entity

The responsible party depends on your entity type. It's usually:

- Corporation: Principal officer
- Partnership: General partner
- Tax exempt organization: Principal officer
- Trust: Grantor, owner or trustor
- Estate: Executor, administrator, personal representative or other fiduciary
- Government entity: Agency or representative who can legally bind the entity

Under IRS's standard, a responsible party is a person who possesses sufficient authority over an entity's financial affairs to control, manage, direct, or influence the disposition of the entity's funds and assets.

IRS definition is consistent with the principles embodied in Idaho Code section 63-3627(a), which imposes personal liability on individuals who possess sufficient authority and responsibility to account for and pay taxes on behalf of a business entity. Accordingly, in determining whether an individual is a responsible party, the Tax Commission considers the individual's authority, access to financial accounts, involvement in financial decision-making, responsibility for accounting functions, and participation in tax compliance matters.

In this case, the evidence establishes that Petitioner:

- Was an authorized manager of the Company;
- Was a shareholder of the Company;
- Served as an advisory board member;
- Had access to Company bank accounts; and
- Performed accounting and financial functions on behalf of the Company.

In addition, Petitioner actively participated in communications and negotiations with the Division regarding resolution of the Company's tax liabilities. Petitioner personally contacted the Compliance officer concerning the liability, requested penalty relief, and participated in discussions regarding settlement of the Company's outstanding obligations. These actions demonstrate a meaningful level of authority and involvement in the Company's financial and tax matters.

Although Petitioner contends that he did not possess ultimate authority over creditor payments, exclusive authority is not required to establish responsible party status. Multiple

individuals within an organization may simultaneously qualify as responsible parties where each possesses sufficient authority or control over a company's financial affairs. The relevant inquiry is whether the individual had the ability to exercise significant influence over the entity's finances and tax compliance obligations.

Petitioner's claim that he merely processed payments in the direction of others does not negate responsible party status. Individuals who possess authority over financial matters and have the ability to influence or participate in payment decisions may be responsible parties even if they do not exercise sole control over the business.

Likewise, Petitioner's assertion that he resigned from accounting duties in June 2023 does not eliminate liability. The evidence demonstrates that Petitioner remained an authorized manager and continued to participate in Company financial matters during the collection process. The record does not reveal that Petitioner relinquished all authority or responsibility relating to the Company's financial affairs.

Accordingly, the Tax Commission finds that Petitioner possessed sufficient authority, access, and involvement in [REDACTED] financial affairs to constitute a person with a duty to account for and pay over taxes under Idaho Code section 63-3627(a).

RESPONSIBILITY FOR TAXES

[REDACTED] failed to timely pay Idaho sales tax liabilities assessed for the audit period. Because Petitioner was a responsible party under Idaho Code section 63-3627(a), he became personally liable for the unpaid tax, penalty, and interest resulting from [REDACTED] failure to satisfy its tax obligations.

Although the underlying liability has since been paid in full through the approved payment arrangement, satisfaction of the liability does not invalidate the responsible party determination or

render the Notice improper. Rather, the subsequent payment merely resolves the outstanding balance subject to collection.

CONCLUSION

The Tax Commission finds that Petitioner was a responsible party of [REDACTED] under Idaho Code section 63-3627(a), therefore was personally liable for the sales tax, penalty, and interest arising from the Company's failure to timely satisfy its Idaho sales tax obligations.

The Division confirmed that [REDACTED] fully satisfied the liability through installment payments totaling \$11,448.93. Accordingly, the liability for the audit period has been fully resolved, and no balance remains outstanding.

THEREFORE, the Notice of Deficiency Determination dated December 19, 2025, is hereby AFFIRMED and MADE FINAL. No DEMAND for payment is made or necessary.

An explanation of Petitioner's 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:



Receipt No.
