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

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| In the Matter of the Protest of<br><br>[redacted]<br><br>Petitioners. | DOCKET NO. 0-032-134-144<br><br>DECISION |

[redacted] (Petitioners) protested the Notice of Deficiency Determination (Notice) dated January 16, 2025. Petitioners disagreed with the Tax Discovery Bureau's (Bureau) determination that they are required to file a 2017 Idaho individual income tax return (return). The Idaho State Tax Commission (Tax Commission) reviewed the matter and upholds the Notice.

**BACKGROUND**

During a review of Petitioners' filing history with the Tax Commission, the Bureau found Petitioners did not file a 2017 return. The Bureau sent Petitioners a letter asking about their filing requirements to file a return for this year. Petitioners did not respond. The Bureau determined that Petitioners were required to file the 2017 return, so it prepared the return for them using third-party information and sent the Notice.

Petitioners protested the Notice, stating "moved to Washington in 2018 and the statute of limitations has run. 63-3068." The Bureau acknowledged the protest and made several attempts to contact Petitioners to clarify if they are protesting their requirement to file a 2017 return. Petitioners did not respond. Therefore, the Bureau referred the matter to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent a letter that discussed the methods available for redetermining a Notice. Petitioners did not respond. Appeals called Mr. [redacted] and discussed what information they could provide to show their domicile changed to Washington. Mr. [redacted] stated that it would be difficult to find this documentation and he would be making a settlement offer instead.

Appeals received Mr. [redacted] offer of $2,500 to settle his 2017 Notice as well as the Notices he received for 2019[1] and 2020.[2] Appeals presented Petitioners' settlement offer to the Tax Commissioners for consideration, but they declined it and made no counteroffer.

Seeing that Petitioners had more than adequate time to file their 2017 return, the Tax Commission decides the matter based on the information available.

## LAW AND ANALYSIS

Petitioners' protest letter cites Idaho Code section 63- 3068, *Period of Limitations for Issuing a Notice of Deficiency and Collection of Tax.* Although not explicitly stated, it is evident that Petitioners feel that the time for issuing a Notice and collecting the tax for 2017 has expired.

Idaho Code section 63-3068 contains several subsections which provide for variation from the three-year time limit in subsection (a) for issuing a notice of deficiency. In this particular case, Idaho code section 63-3068(d) is relevant.

> 63-3068 (d) In the case of a failure to file a return, for any reason, a notice of deficiency may be issued, the tax imposed in this chapter may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time.

Petitioners acknowledge they were Idaho residents in 2017 and acknowledge they failed to file their 2017 return. Because no return was filed, the three-year statute of limitations for issuing a notice does not apply.[3]

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[1] Docket # 0-013-194-240 (tax year 2019)
[2] Docket # 1-105-875-968 (tax year 2020)
[3] Idaho Code section 63-3068. Period of limitations for issuing a notice of deficiency and collection of tax.

Idaho Code section 63-3030 provides the income thresholds for filing Idaho income tax returns. The information the Bureau gathered clearly shows Petitioners' income exceeded the threshold for 2017. Petitioners were required to file an Idaho income tax return.

To date, Petitioners have not submitted a 2017 return or provided any documentation to establish that the amounts asserted in the Notice are incorrect. The Tax Commission reviewed the return the Bureau prepared and found it to be a reasonable representation of Petitioners' Idaho taxable income. Therefore, the Tax Commission upholds the Bureau's determination of Petitioners' taxable income for 2017.

A deficiency determination of the Tax Commission is presumed to be correct. *Albertson's, Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). 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 (Ct. App. 1986)

**CONCLUSION**

Petitioners received income in 2017 which was over the threshold for filing an Idaho individual income tax return. Petitioners were required to file an Idaho income tax return. Petitioners did not provide an income tax return for tax year 2017. Furthermore, Petitioners have not shown the return the Bureau prepared is incorrect. Therefore, the Tax Commission upholds the Notice of Deficiency Determination for 2017.

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

THEREFORE, the Notice of Deficiency Determination dated January 16, 2025, is hereby APPROVED and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that Petitioners pay the following tax, penalty, and interest:

| YEAR | TAX | PENALTY | INTEREST | TOTAL |
|---|---|---|---|---|
| 2017 | $2,552 | $638 | $949 | $4,139 |

The Tax Commission DEMANDS immediate payment of this amount. Interest is calculated in accordance with Idaho Code section 63-3045.

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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