

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-034-833-408
,)	
)	
Petitioner.)	DECISION
<hr style="width: 45%; margin-left: 0;"/>)	

(Petitioner) protested the Notice of Deficiency Determination (Notice) issued by the staff of the Sales/Fuels Tax Audit Bureau (Bureau) of the Idaho State Tax Commission (Commission). The Notice proposed sales and use tax, and interest for the audit period October 1, 2016, through September 30, 2019, in the amount of \$3,682. The Commission, after a thorough review of the matter, hereby upholds the Notice, as modified by the Bureau, for the reasons detailed below.

Background and Audit Findings

Petitioner is an _____ service located in _____ Id. Petitioner began as a _____ shop that evolved into a full-time _____ shop beginning in 2017. The Bureau mailed a letter September 27, 2019 to Petitioner informing them of its intent to conduct a sales and use tax audit of the business. The Bureau requested a copy of Petitioner’s general ledger, sales invoices, and purchase invoices, supporting documentation for sales and use tax returns, and sales exemption certificates to conduct the review. The Bureau used the requested information to determine Petitioner’s compliance with Idaho sales and use tax code and rules for their business.

The Bureau reviewed all sales and purchases made during the review period for proper taxation and issued a Notice after discovering sales tax collected and not remitted and non-taxed sales not supported by an exemption certificate. Petitioner protested the Notice asking for

additional time to provide supporting documentation and included a prepayment of \$1,227 as a sign of good faith. The Bureau acknowledged the protest, maintained the case file during the additional time provided, and adjusted the Notice when necessary. After Petitioner was unable to provide any further information the Bureau sent the protest to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals sent Petitioner a letter outlining the options for redetermining a protested Notice in October 2022. Appeals sent a follow up letter in December 2022 after Petitioner did not respond to the initial letter. When Petitioner did not respond to the follow up letter, Appeals called Petitioner to discuss the case. Petitioner initially wished to have their representative provide additional information to reduce the Notice. However, Petitioner's representative did not provide any additional documentation and notified Appeals in July 2023, that Petitioner had stopped communication with them.

Relevant Tax Code and Analysis

Petitioner's protest of the Notice was specifically about obtaining additional time to provide documentation to reduce the Notice. The Bureau kept the case file for an additional year after the Notice was issued to provide the additional time requested by Petitioner. Petitioner did provide some additional documentation which the Bureau reviewed and adjusted the original Notice. Idaho Code section 63-3624(c) Administration explains document retention requirements for businesses in Idaho.

63-3624. ADMINISTRATION.

(c) Every seller, every retailer, and every person storing, using, or otherwise consuming in this state tangible personal property purchased from a retailer shall keep such records, receipts, invoices, and other pertinent papers as the state tax commission may require. Every such seller, retailer or person who files the returns required under this act shall keep such records for not less than four (4) years from the making of such records unless the state tax commission in writing authorizes their destruction.

The Bureau and Appeals gave Petitioner ample time to provide supporting documentation. Despite Petitioner's claim they wished to provide additional information, their representative was unable to maintain contact with Petitioner.

Conclusion

Petitioner was able to show the Notice issued by the Bureau required adjusting. The Bureau amended the Notice when Petitioner was able to provide additional documentation to support it. The Commission finds the adjusted Notice to be a reasonably accurate representation of Petitioner's sales and use tax liability for the period October 1, 2016 through September 30, 2019.

The Bureau added interest to the sales and use tax deficiency. The Commission reviewed the addition, found it to be right per Idaho Code section 63-3045. Interest will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid.

THEREFORE, the adjusted Notice of Deficiency Determination dated September 30, 2021, less the prepayment of \$1,227, is hereby APPROVED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

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

<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$1,401	\$103	\$1,504

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

DATED this _____ day of _____ 2023.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2023,
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.
