BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of [redacted] Petitioner.	)	DOCKET NO. 0-048-452-608
	)	DECISION

[redacted] (Petitioner) protested the Notice of Deficiency Determination (Notice) dated November 14, 2025, issued by the Tax Discovery Bureau (Bureau) for the period June 1, 2023, through August 31, 2024 (Audit Period). The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the Notice.

BACKGROUND

Petitioner is a restaurant located in [redacted] Idaho. The Bureau contacted Petitioner to conduct a routine audit for sales and use tax compliance. Petitioner was asked to provide sales and purchase journals for the audit, but they did not respond to the request.

The Bureau reviewed Petitioner's sales and use tax returns (850 Forms) along with other information available to the Tax Commission, and determined Petitioner did not report its cash sales for the audit period. Therefore, the Bureau estimated[1] the amount of Petitioner's cash sales and sent them a billing letter showing an additional amount of tax due for the unreported cash sales. When Petitioner did not respond to the billing letter the Bureau issued the Notice.

Petitioner protested the Notice, arguing that the amount of cash sales calculated by the Bureau is incorrect and they had information to support their assertion. To support its argument Petitioner provided documentation showing both credit card and cash sales for a large portion of

[1] The estimate was determined by multiplying Petitioner's reported sales by the industry standard of cash sales for restaurants, 30%.

the Audit Period. The Bureau reviewed this information and compared it to Petitioner's sales and use tax returns and determined the following; their estimate of cash sales was reasonable and Petitioner under reported sales for two periods. Therefore, the Bureau cancelled the original Notice, issued a second Notice based on the new information and forwarded the case to the Tax Commission's Appeals unit (Appeals) for administrative review. Appeals sent Petitioner a letter informing them of the options available for redetermination of the Notice and received no response. The Tax Commission, having reviewed the matter, hereby issues its decision based on the information available.

LAW & ANALYSIS

Idaho Code section 63-3610(a) defines the term "retailer" as follows:

> Every seller who makes any retail sale or sales of tangible personal property and every person engaged in the business of making retail sales at auction of tangible personal property owned by the person or others.

Idaho Code section 63-3619 asserts that a six percent (6%) tax applies to all applicable sales conducted by a retailer at the time of sale.

Idaho code section 63-3623 states, in pertinent part:

> (a) The taxes imposed by this act are due and payable to the state tax commission monthly on or before the twentieth day of the succeeding month.
>
> (c) On or before the twentieth day of the month a return shall be filed with the state tax commission in such form as the state tax commission may prescribe.
>
> (f) The return shall show the amount of taxes for the period covered by the return and such other information as the state tax commission deems necessary for the proper administration of this act.

Idaho code section 63-3629 states:

> (a) If the state tax commission is not satisfied with the return or returns of the tax, because of errors or omissions discovered in audits or in any other way, it may compute and determine the amount which is due upon the basis of facts contained in the return or returns or upon the basis of any information within its possession

> or that may come into its possession and assert a deficiency. One or more deficiency determinations may be made of the amount due for one or for more than one period….

In the current matter, Petitioner filed the required sales and use tax returns but based on the information available to the Tax Commission, and that which Petitioner provided during the audit, the returns do not accurately represent their sales tax liability.

Specifically, Petitioner failed to report cash sales in certain periods and underreported gross sales in others. Given the evidence of unreported cash sales, the Tax Commission determined that Petitioner's actions go beyond negligence and instead support the finding of intent to evade tax. Accordingly, the Tax Commission increased the penalty to 50% of the total tax deficiency in accordance with Idaho Code section 63-3046.

CONCLUSION

Petitioner is a retailer and is required to correctly charge, collect and submit sales tax on all sales transactions. Petitioner timely filed the necessary returns, but they do not accurately reflect their gross sales. Therefore, the Tax Commission finds the recent Notice is a reasonable representation of Petitioner's sales tax due. The Notice included penalties and interest which the Tax Commission reviewed and found appropriate per Idaho Code sections 63-3045 and 63-3046.

THEREFORE, the Notice dated November 14, 2025, is hereby AFFIRMED and MADE FINAL.

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

PERIOD	TAX	PENALTY	INTEREST	TOTAL
06/01/23 through 08/31/24	$1,561	$780	$246	$2,587

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

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.

[redacted]

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