

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-069-100-544
██████████ ██████████)	
)	
Petitioner.)	DECISION
_____)	

██████████ ██████████ (Petitioner) protested the Notice of Deficiency Determination (Notice) dated November 9, 2023. Petitioner disagreed with the Tax Discovery Bureau’s (Bureau) determination of his Idaho taxable income for tax years 2017 through 2021. Petitioner argues the Schedule C income and deductions are inaccurate and incomplete. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the Notice for the reasons stated below.

BACKGROUND

Through normal Tax Commission processes, the Bureau discovered that Petitioner did not file his Idaho individual income tax returns for tax years 2017 through 2021. The Bureau sent Petitioner a letter informing him of the missing returns and asking about his requirement to file Idaho income tax returns for the previously mentioned years. Petitioner did not respond; therefore, the Bureau prepared returns for him, issuing a Notice based on W-2 and 1099 information.

Petitioner protested the Notice, claiming it is inaccurate due to Schedule C income and deductions. The Bureau acknowledged the protest and gave Petitioner additional time to file returns to claim Schedule C expenses. The Bureau forwarded the matter to the Tax Commission’s Appeals Unit (Appeals) when Petitioner did not provide additional documentation or returns.

Appeals reviewed the matter and sent Petitioner a letter discussing the alternatives for redetermining a protested Notice. Petitioner did not respond. Appeals reached out a second time,

and again received no response. Therefore, 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 Petitioner's income exceeded the threshold for each of the years. Petitioner is required to file Idaho income tax returns. Petitioner did not deny he is required to file Idaho income tax returns. He wanted to file his own returns believing his taxable income would be less than what the Bureau determined.

Petitioner stated he has deductions for tax years 2017 through 2021. However, Petitioner provided no information or documentation concerning those deductions. Deductions are a matter of legislative grace, and the taxpayer bears 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 Petitioner to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Petitioner has not shown the returns the Bureau prepared for the tax years 2017 through 2021 are incorrect. Petitioner has not met his burden. The Tax Commission reviewed the returns the Bureau prepared and found them to be a reasonable representation of Petitioner's Idaho taxable income. Therefore, the Tax Commission upholds the Bureau's determination of Petitioner's taxable income for those years.

CONCLUSION

Petitioner received income in excess of Idaho's filing requirements for tax years 2017 through 2021. He has not filed actual returns or provided any substantive argument or documentation to show the returns prepared by the Bureau for the previously mentioned years are incorrect. The Tax Commission reviewed the Notice and found it to be reasonable based on the information available.

The Bureau added interest and penalty to Petitioner's 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 November 9, 2023, and directed to [REDACTED] [REDACTED] is hereby AFFIRMED and MADE FINAL.

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

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$3,379	\$845	\$790	\$5,014
2018	3,770	943	720	5,432
2019	2,737	684	393	3,814
2020	5,219	1,305	571	7,095
2021	5,602	1,401	485	7,488
			TOTAL DUE:	\$28,843

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

DATED this _____ day of _____ 2024.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2024,
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.
