



but when Petitioner did not file actual returns the Bureau used available information to prepare returns and issued Petitioner a Notice.

Petitioner contacted the Bureau to discuss protesting the Notice. The call resulted in the Bureau offering to work with Petitioner if they agreed to file a return every 30 days until all returns for the years in question had been filed. Petitioner stated that they may not be able to meet the 30-day timeline. Petitioner subsequently protested the Notice and stated in part, "I don't agree with the amounts owed. They are overstated." Petitioner stated that they have lost their land and building due to foreclosure. Petitioner also stated that they had a significant drop in sales due to Covid and they are trying to recover from unprecedented circumstances. The Bureau accepted Petitioner's protest and transferred the matter to the Commission's Tax Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent Petitioner a letter with two methods for redetermining a protested Notice. Petitioner did not respond. Therefore, with no further communication from Petitioner, the Commission decided the matter based upon the information available.

## **LAW AND ANALYSIS**

Idaho Code section 63-3030 states in part that, every corporation which is transacting business in Idaho, authorized to transact business in Idaho, or having income attributable to Idaho is required to file an Idaho income tax return, unless exempt from the tax imposed in this chapter. Petitioner was authorized and transacting business in Idaho, therefore, Petitioner was required to file income tax returns for the years in question. Petitioner acknowledged this requirement stating that their old accountant had failed to follow through on the filing of returns. Petitioner went on to say that it "felt not filing the tax returns, with the incorrect data was better than having the wrong

information filed. I am working to resolve this issue as soon as the data is corrected, and funds become available for me to file them.”

The Bureau issued Petitioner a Notice because it failed to file the required income tax returns. The Bureau estimated Petitioner’s taxable income using data from its filed sales tax returns. The Bureau allowed Petitioner credit for its payroll expenses. The Bureau also allowed Petitioner credit for cost of goods sold estimated from its previously filed returns.

The Commission in the absence of actual returns and or substantiation of its income and expenses agrees with the issuance of the Notice and the Bureau’s methodology used in the calculation of Petitioner’s Idaho taxable income and corresponding tax liability.

### **CONCLUSION**

Petitioner acknowledged its filing requirement with the state of Idaho but protested the accuracy of the amount in the Notice. However, Petitioner provided no evidence to establish that the amount asserted in the Notice is incorrect. Petitioner did not meet its burden. *See Parker v. Idaho State Tax Comm’n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010) (*citing Albertson’s Inc. v. State Dep’t of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). Petitioner is required to file Idaho corporate income tax returns for the years in question. The Idaho corporate income tax returns prepared for Petitioner included all known income and an estimate of deductions. The Commission reviewed the returns prepared by the Bureau and found them to be a reasonable representation of Petitioner’s Idaho taxable income. Therefore, the Commission upholds the Notice issued to Petitioner.

The Bureau added penalty and interest to Petitioner’s income tax liability. The Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046.

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.

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