

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-160-528-384
,)	
)	
Petitioner.)	DECISION
<hr style="width: 45%; margin-left: 0;"/>)	

The Idaho State Tax Commission (Tax Commission) reviewed your case, and this is our final decision. We uphold the Notice of Deficiency Determination (Notice) dated November 17, 2021. This means **you need to pay \$6,869** of tax, penalty, and interest for tax years 2017 through 2019. The Tax Commission now DEMANDS immediate payment of this amount.

In the normal course of business, the Tax Commission’s Tax Discovery Bureau (Bureau) reviewed the filing history and income information of _____ (Petitioner). The Bureau determined Petitioner may have a requirement to file Idaho resident individual income tax returns for tax years 2017 through 2019. The Bureau sent Petitioner a letter asking about his requirement to file Idaho resident individual income tax returns for these years. Petitioner did not respond to the Bureau’s inquiry.

Tax Commission records show for each of the years under review Petitioner received W-2 wages in excess of the requirement to file an individual income tax return. Therefore, the Bureau prepared Idaho resident individual income tax returns for Petitioner and sent him a Notice.

In response to the Notice, Petitioner sent a protest disagreeing with the Bureau’s determination of his Idaho income tax due. Petitioner stated the Notice was in error as it does not show any dependent exemptions. Petitioner also stated he had lost his W-2’s and asked for more time to gather this information.

The Bureau sent Petitioner a letter acknowledging his protest and allowing him additional time to file the missing returns. Petitioner had no further contact with the Bureau and did not file the missing returns. Therefore, the Bureau sent Petitioner's case to the Tax Commission Appeals (Appeals) unit for administrative review.

Petitioner did not respond to Appeals' letter outlining his options for redetermining the protested Notice. Therefore, the Tax Commission decides this matter based on the information contained in the file.

In the present case, the Bureau used income reported to Petitioner on Form W-2 to determine his Idaho adjusted gross income for the years under review. For all tax years, the Bureau used a filing status of Single, with one personal exemption and the standard deduction to determine Petitioner's Idaho taxable income. The Bureau identified Idaho withholding in the amount of \$3,127, \$4,211, and \$3,816 respectively, for tax years 2017 through 2019 and reduced Petitioner's Idaho income tax due by these amounts.

Petitioner argues the Bureau's calculation of his Idaho income tax due is not accurate because he is entitled to a dependent exemption deduction. However, deductions are a matter of legislative grace, and taxpayers bear the burden of proving that they are entitled to the deductions claimed. *INDOPCO, Inc. v. Commissioner*, 503 U.S. 79, 84, 112 S. Ct. 1039, 117 L.Ed.2d 226 (1992); *New Colonial Ice Co. v. Helvering*, 292 U.S. 435, 440, 54 S. Ct. 788, 78 L.Ed. 1348 (1934). 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). Here, Petitioner has provided no documentation to show his entitlement to a deduction for a dependent not shown in the Notice, he has not met his burden.

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. *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); *Albertson's, Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). In the present matter, Petitioner has not met this burden. Therefore, the Tax Commission upholds the Notice.

The Bureau added interest and penalty to Petitioner's tax deficiency. The Tax Commission reviewed those additions and found them proper per Idaho Code sections 63-3045 and 63-3046, respectively.

THEREFORE, the Notice dated November 17, 2021, and directed to _____ is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest computed to October 14, 2022.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$2,229	\$557	\$362	\$3,148
2018	1,119	280	134	1,533
2019	1,663	416	109	<u>2,188</u>
			TOTAL DUE	\$6,869

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

DATED this _____ day of _____ 2022.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2022,
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.
