

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
██████████)	DOCKET NO. 0-302-113-792
██████████)	
██████████)	
Petitioners.)	DECISION
_____)	

██████████ (Petitioners) protested the Notice of Deficiency Determination (Notice) dated April 23, 2024. Petitioners disagreed with the Tax Discovery Bureau’s (Bureau) determination of their Idaho taxable income for tax years 2017 through 2022. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the Notice for the reasons stated below.

BACKGROUND

During a review of Petitioners’ filing history with the Tax Commission, the Bureau found Petitioners stopped filing Idaho income tax returns after filing their 2016 return. The Bureau sent Petitioners a letter asking about their requirement to file Idaho income tax returns for tax years 2017 through 2022. Petitioners did not respond. The Bureau determined Petitioners were required to file Idaho income tax returns, so it prepared returns for Petitioners using W-2 and 1099 information, and estimated Schedule C income and sent them a Notice.

Petitioners protested the Bureau’s determination for each year. Petitioners did not dispute their requirement to file income tax returns, but stated they had deductions that would make a difference to the bottom line. The Bureau acknowledged Petitioners’ protest and allowed them additional time to file the missing returns. When Petitioners did not provide the returns, the Bureau forwarded the case to the Tax Commission’s Appeals Unit (Appeals) for administrative review. Appeals reviewed the matter and sent Petitioners a letter that discussed the methods available for

redetermining a Notice. Petitioners did not respond. Seeing that Petitioners had time to complete and submit their returns, the Tax Commission decided the matter based on the information available.

LAW AND ANALYSIS

Idaho Code section 63-3030 provides the income thresholds for filing Idaho income tax returns. The information the Bureau gathered clearly shows Petitioners' income exceeded the threshold for each of the years. Petitioners were required to file Idaho income tax returns.

Petitioners did not deny they were required to file Idaho income tax returns but wanted to file their own returns believing their taxable income would be less than what the Bureau determined. However, Petitioners did not provide their income tax returns. They claimed to have deductions, but they did not provide information or documentation concerning those deductions. Deductions are a matter of legislative grace, and the taxpayer bears the burden of proving that he is entitled to the deductions claimed. *New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S.Ct. 788 (1934). The burden rests upon the taxpayer to disclose his receipts and claim his proper deductions. *United States v. Ballard*, 535 F.2d 400, 404 (1976). A taxpayer's general statement that he had 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).

In Idaho, a Tax Commission deficiency determination is presumed to be correct, and the burden is on the taxpayer to show that 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). Petitioners have not met their burden, they have not shown the returns the Bureau prepared for tax years 2017 through 2022 are incorrect. The Tax Commission reviewed the returns the Bureau

prepared and found them to be a reasonable representation of Petitioners' Idaho taxable income. Therefore, the Tax Commission upholds the Bureau's determination of Petitioners' taxable income for those years.

CONCLUSION

Petitioners received income in 2017 through 2022 which was over the threshold for filing Idaho individual income tax returns. Petitioners were required to file Idaho income tax returns but have not. Furthermore, Petitioners have not shown the returns the Bureau prepared are incorrect. Therefore, the Tax Commission upholds the Bureau's determination of Petitioners' taxable income for those years.

The Bureau added interest and penalty to Petitioners' 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 April 23, 2024, and directed to [REDACTED] is hereby AFFIRMED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$14,163	\$3,541	\$4,047	\$21,751
2018	13,442	3,361	3,264	20,067
2019	12,283	3,071	2,321	17,675
2020	12,132	3,033	1,937	17,102
2021	14,800	3,700	2,050	20,550
2022	12,362	3,091	1,270	<u>16,723</u>
			TOTAL	\$113,868

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

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.
