

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

██████ ██████████ ██████████

Petitioners.

DOCKET NO. 0-379-589-632

DECISION

██████ ██████████ ██████████ (Petitioners) protested the Notice of Deficiency Determination (Notice) dated July 17, 2024. Petitioners disagreed with the Tax Discovery Bureau's (Bureau) determination of their Idaho taxable income for tax years 2017, 2018, and 2020 through 2022. 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 Petitioners did not file their Idaho individual income tax returns for tax years 2017, 2018, and 2020 through 2022. The Bureau sent Petitioners a letter informing them of the missing returns and asking about their requirements to file Idaho income tax returns. Petitioners did not respond; therefore, the Bureau prepared returns for them, issuing a Notice based on W-2s and 1099 information.

Petitioners protested the Notice stating,

I am appealing to the NODD because I have not filed my taxes for 2017, 2018, 2020, 2021, and 2022 therefore I have not received my credits, write offs, or deductions for these years. We are Idaho homeowners and have not received our homeowner deductions or itemized deductions.

The Bureau acknowledged Petitioners' protest and requested they file returns to receive their credits, deductions and write-offs for these years. When returns were not received, the Bureau forwarded the file to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent Petitioners a letter discussing alternatives for redetermining a protested Notice. Petitioners did not respond.

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 gathered by the Bureau and used to calculate Petitioners' Idaho taxable income clearly shows that Petitioners received gross income above the threshold amounts for filing returns. Petitioners did not express disagreement with the Bureau's conclusion that they were required to file Idaho returns for the years in question but rather argued that they had credits, write offs, and deductions not included in the calculation of their Idaho taxable income.

Deductions/credits 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). Taxpayers are required to maintain records that are sufficient to enable the determination of their correct tax liability. *See* IRC § 6001; Treasury Regulation § 1.6001-1(a). The burden rests upon the taxpayer to disclose his receipts and claim his proper deductions/credits. *United States v. Ballard*, 535 F.2d 400, 404 (1976). If a taxpayer is unable to provide adequate proof of any material fact upon which a deduction/credit depends, no deduction/credit is allowed, and that taxpayer must bear his misfortune. *Burnet v. Houston*, 283 U.S. 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. Petitioners have failed to do so. They have not filed actual returns to show that the individual income tax returns prepared by the Bureau for tax year 2017, 2018, and 2020 through 2022 are incorrect. Therefore, the Tax Commission finds the returns prepared by the Bureau are a reasonable representation of Petitioners' Idaho taxable income and related tax due.

CONCLUSION

Based on the available information, Petitioners received income exceeding the gross income threshold for filing Idaho income tax returns for tax years 2017, 2018, and 2020 through 2022. Petitioners have yet to file these returns. Petitioners have not provided any evidence or compelling argument that the returns prepared by the Bureau are incorrect. The Tax Commission finds the returns prepared by the Bureau to be a reasonable representation of Petitioners' Idaho taxable income and related tax due for the years in question.

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 July 17, 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	\$1,982	\$496	\$605	\$3,083
2018	2,288	572	601	3,461
2020	2,300	575	413	3,288
2021	2,277	569	360	3,206
2022	1,534	384	188	2,106
TOTAL DUE:				\$15,144

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 _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2025,
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.
