

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-414-251-008
	)	
	)	
Petitioner.	)	DECISION
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The Tax Discovery Bureau (Bureau) sent (Petitioner) a Notice of Deficiency Determination (Notice) for tax years 2014 through 2016, and 2019. Petitioner protested the Notice and requested more time to file actual returns. The Tax Commission has reviewed the matter and upholds the Notice.

**BACKGROUND**

The Bureau sent requests for Petitioner to provide missing Idaho individual tax returns for years 2014 through 2019. Petitioner did not respond, so the Bureau prepared returns for him using available W2s, 1099s, and estimated pass-through income. According to the Idaho Secretary of State, Petitioner was the sole owner of an Idaho S-Corporation called (S-Corp), registered on October 27, 1997. The Bureau conducted an examination of S-Corp and determined the business incurred pass-through income that flowed to Petitioner's individual returns for tax years 2014 through 2016. For 2017 and 2018, the Bureau determined no additional tax was likely due, so they were not included in the Notice. For tax year 2019, the Bureau used available W2s to prepare Petitioner's returns. Petitioner protested and hired a representative to handle the case further.

Petitioner requested additional time to file actual returns. He stated that the Notice did not accurately reflect gross receipts and expenses associated with the estimated pass-through income. Petitioner requested additional time to provide returns because the business data was lost in a

computer crash, and they will need to recreate the records through bank statements. The Bureau granted the extension request and continued communication with him. Petitioner did not provide actual returns by the agreed upon date, so the matter was transferred to the Tax Commission's Appeals Unit (Appeals) for administrative review. Petitioner did not request an informal hearing during the administrative review process and has yet to file the Idaho individual tax returns for 2014 through 2019. With no actual returns provided, the Tax Commission issues its decision.

### **LAW AND ANALYSIS**

Idaho Code section 63-3030 provides that every resident individual of Idaho required to file a federal return under section 6012(a)(1) of the Internal Revenue Code must file an Idaho return. Under Internal Revenue Code section 6012(a)(1), a taxpayer must file tax returns where their gross income equals or exceeds the standard deduction amount for that year. Petitioner exceeds the income requirements for filing tax returns. When no returns were filed, the Bureau prepared returns for Petitioner with available information to the Tax Commission. The main issue is Petitioner does not agree with the estimated pass-through income calculated by the Bureau. However, no evidence or actual returns were provided by Petitioner to show the returns prepared by the Bureau were incorrect. Therefore, the Tax Commission finds no basis for making any changes to the Notice.

### **CONCLUSION**

Petitioner received income in the taxable years 2014 through 2016, and 2019 that exceeded the threshold for filing Idaho income tax returns. Even after many extensions given by the Bureau and Appeals, Petitioner did not provide actual returns or any evidence that the Notice is incorrect. The Tax Commission reviewed the returns prepared by the Bureau and found them to be a reasonable representation of Petitioner's Idaho taxable income.

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.

THEREFORE, the Notice dated May 27, 2021, and directed to \_\_\_\_\_ is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$2,825	\$706	\$785	\$4,316
2015	16,532	4,133	3,931	24,596
2016	9,939	2,485	1,995	14,419
2019	625	156	44	<u>825</u>
			TOTAL DUE	\$44,156

Interest is calculated through December 22, 2022.

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

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.

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