

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-481-064-960
)	
Petitioner.)	DECISION
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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 30, 2021, for taxable years 2015, 2016, 2017, 2018, and 2019. This means you **need to pay \$18,776** of tax, penalty, and interest for tax years 2015 through 2019. The Tax Commission now DEMANDS immediate payment of this amount.

BACKGROUND

This is a nonfiler and tax protester case. On September 28, 2021, (Petitioner) was sent a letter informing him that Tax Commission records indicated he had not filed his required Idaho individual income tax returns for 2015 through 2019. The letter requested a response by October 27, 2021. Petitioner responded on October 25, 2021, stating, “I am neither a citizen or employee of Idaho nor in any federal capacity.” He further stated that is a “transmitting utility.” Having received no adequate or intelligible response, the Tax Commission issued its Notice based on the information available.

Petitioner timely protested the Notice with more tax protester language. Petitioner’s protest stated that he does not have a contract with the Tax Commission and that any adhesion contract must have his ink-wetted signature with full disclosure to be valid. It further included a four-page notarized document titled, “Declaration of Political Status” intended to give verification of his identity as a “Live and Sentient Man.”

The Tax Commission acknowledged Petitioner’s protest and informed him of his right to schedule a hearing with a Commissioner or to submit additional information for consideration. In response, Petitioner requested verification of the debt under the Fair Debt Practices Act, which pertains to consumer debt and is inapplicable to this matter. Petitioner did not request a conference. Having reviewed the file, the Tax Commission now issues this decision.

DISCUSSION

A. **Sovereign Citizen Arguments are Patently Frivolous and Lacking in Legal Merit.**

Petitioner appears to assert a common tax protester argument that he is an individual “sovereign citizen” and therefore beyond the state’s taxing jurisdiction. The tax protest movement is a relatively long-lived antigovernment movement. The FBI describes so-called Sovereign Citizens as “anti-government extremists who believe that even though they physically reside in this country, they are separate or ‘sovereign’ from the United States.” Caesar Kalinowski IV, *A Legal Response to the Sovereign Citizen Movement*, 80 Mont. L. Rev. 153 (2019) (citing *Domestic Terrorism, The Sovereign Citizen Movement*, F.B.I. (Apr. 13, 2010), <https://perma.cc/L8SQ-2K42>).

Courts have universally and consistently rejected claims of “sovereignty” to avoid federal and state income tax. *See, e.g., U.S. v. Hanson*, 2 F.3d 942, 945 (9th Cir. 1993) (rejecting defendant’s claims that he is a nonresident alien and thus not a “taxpayer” as defined in the tax code); *Lonsdale v. U.S.*, 919 F.2d 1440, 1448 (10th Cir. 1990) (rejecting taxpayer arguments claiming to be sovereign and not subject to tax; imposing sanctions); *U.S. v. Dawes*, 874 F.2d 746, 750-751 (10th Cir. 1989) (husband and wife are “persons” under the Internal Revenue Code subject to tax, despite contention that they were “free born” citizens); *U.S. v. Studley*, 783 F.2d 934, 937, n.3 (9th Cir. 1986) (“this [sovereign citizen] argument has been consistently and

thoroughly rejected by every branch of the government for decades”); *Minovich v. C.I.R.*, T.C. Memo. 1194-39 (issuing sanctions against taxpayer claiming to be nonresident alien private citizen outside any taxing jurisdiction).

B. Petitioner Meets the Legal Requirements to File an Idaho Income Tax Return.

The Idaho income tax filing requirements are set out in Idaho Code section 63-3030. Any resident individual required to file a federal return under Internal Revenue Code section 6012(a)(1) must file an Idaho income tax return. Idaho Code § 63-3030(1). The term “resident” means any individual who is domiciled in the state of Idaho for the entire taxable year. Idaho Code § 63-3013(1)(a). Per IDAPA 35.01.01.030.02, “domicile” means “the place where an individual has his true, fixed, permanent home and principal establishment, and to which place he has the intention of returning whenever he is absent.” The Tax Commission’s records indicate Petitioner was an Idaho resident during the years in question. Petitioner does not dispute that he lived in Idaho during the taxable years at issue.

Domicile affords a basis for a state’s individual income tax. As noted by the Court in *People of State of New York ex rel. Cohn v. Graves*, 300 U.S. 308, 312-13 (1937):

That the receipt of income by a resident of the territory of a taxing sovereignty is a taxable event is universally recognized. Domicile itself affords a basis for such taxation. Enjoyment of the privileges of residence in the state and the attendant right to invoke the protections of its laws are inseparable from responsibility for sharing the costs of government. Taxes are what we pay for civilized society. A tax measured by the net income of residents is an equitable method of distributing the burdens of government among those who are privileged to enjoy its benefits.

Id. (internal citations omitted).

During each of the taxable years, Petitioner received more than \$43,000 of Idaho adjusted gross income. The gross income filing threshold for a single person in 2015, 2016, 2017, 2018, and 2019 was \$10,300, \$10,350, \$10,400, \$12,000, and \$12,200, respectively. Petitioner met the

filing requirement for each of the taxable years in question. Persons who are required to file an Idaho individual income tax return must pay Idaho income tax on their taxable income at the rate set forth in Idaho Code section 63-3024. When a person fails to file a required tax return or to pay the proper amount of individual income tax, the Tax Commission has statutory authority to issue a Notice of Deficiency Determination. Idaho Code § 63-3045. As Petitioner was an Idaho resident required to file Idaho tax returns and pay Idaho tax, the Tax Commission correctly issued its Notice of Deficiency Determination.

C. **Petitioner Has Not Shown Error in the Commission's Notice.**

It is well settled that a Notice of Deficiency Determination issued by the Tax Commission is presumed to be accurate. *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). The burden is on Petitioner to show the deficiency is erroneous. *Albertson's, Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). Petitioner has presented nothing but illogical and flawed tax protester rhetoric to support his protest. Such arguments are unconvincing. As a result, the Tax Commission finds that Petitioner did not meet his burden of proving error in the Tax Commission's Notice.

CONCLUSION

The Tax Commission upholds the Notice of Deficiency Determination dated November 30, 2021, for taxable years 2015, 2016, 2017, 2018, and 2019.

THEREFORE, the Notice dated November 30, 2021, and directed to Petitioner is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest computed to April 30, 2023:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$183	\$46	\$47	\$276
2016	4,444	1,111	968	6,523
2017	2,942	736	541	4,219
2018	2,528	632	359	3,519
2019	3,165	791	301	4,257
			TOTAL DUE	\$18,794

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 _____ 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.
