

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

██████████ ██████████

Petitioner.

DOCKET NO. 0-492-889-088

DECISION

The Tax Discovery Bureau (Bureau) sent ██████████ ██████████ (Petitioner) a Notice of Deficiency Determination (Notice) for tax years 2018 through 2021. Petitioner protested, disagreeing with the estimates of income the Bureau prepared for him in the Notice. Petitioner has since filed returns for tax years 2018 through 2020. The Tax Commission has reviewed the matter and hereby upholds the Notice for tax year 2021.

BACKGROUND

During a review of taxpayer information, the Bureau could not locate Petitioner's Idaho individual income tax returns for tax years 2018 through 2021. The Bureau determined that Petitioner met the requirements to file Idaho tax returns for the years in question. The Bureau contacted Petitioner inquiring about the missing returns. Petitioner did not respond, so the Bureau prepared the returns for him and issued a Notice.

In calculating Petitioner's Idaho taxable income for the years in question, the Bureau included estimated business income from an Idaho S-Corporation, ██████████ ██████████ ██████████
██████████ According to previous returns, Petitioner owned a 50% stake in the company. Petitioner protested, stating he was working with an accountant to file actual returns. Petitioner eventually filed individual income tax returns for 2018 through 2020. The Bureau accepted these returns and sent Petitioner a letter on May 13, 2024, informing him the Notice for tax periods 2018 through

2020 were cancelled. These returns better reflect Petitioner's Idaho taxable income and therefore will not be discussed in this decision.

The Bureau continued to request his tax return for 2021 but appeared to have problems communicating with his accountant regarding records. After multiple extensions of time, the Bureau transferred the case to the Tax Commission's Appeals Unit (Appeals). Appeals sent Petitioner letter on August 30, 2024, explaining the appeals process and his right to a hearing. Petitioner did not respond, so the Tax Commission must decide this matter based on the information currently available.

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 Petitioner's Idaho taxable income clearly shows that Petitioner received gross income above the threshold amounts for filing returns. Petitioner did not express disagreement with the Bureau's conclusion that he was required to file Idaho returns for the years in question, but rather argued that the estimated income and expenses were incorrect.

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 for tax year 2021 is incorrect. Petitioner has failed to do so. He has not filed actual returns or provided any substantive

argument or documentation to show the individual income tax return prepared by the Bureau for tax year 2021 is incorrect. Therefore, the Tax Commission finds the return prepared by the Bureau is a reasonable representation of Petitioner's Idaho taxable income and related tax due.

CONCLUSION

Based on the available information, Petitioner received income exceeding the gross income threshold for filing Idaho income tax returns for tax year 2021. After multiple requests and extensions of time, Petitioner has yet to file the return. Petitioner has not provided any evidence or compelling argument that the return prepared by the Bureau is incorrect. The Tax Commission finds the return prepared by the Bureau to be a reasonable representation of Petitioner's Idaho taxable income and related tax due for the year in question.

The Bureau added interest and penalty to Petitioner's tax deficiency. The Tax Commission reviewed those additions and finds them to be appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

THEREFORE, the Notice of Deficiency Determination dated November 9, 2023, for tax year 2021, is hereby APPROVED by this decision 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>
2021	\$36,943	\$9,236	\$5,190	\$51,369

An explanation of Petitioner's 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.

[REDACTED]

[REDACTED]

