

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-624-420-864
)	
)	
Petitioner.)	DECISION
)	

On July 31, 2020, the Sales\Fuels Tax Audit Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (Notice) to (Petitioner) proposing sales\use tax, penalty, and interest for the audit period July 1, 2014, through June 30, 2017, in the total amount of \$386,026.

Petitioner filed a timely appeal and petition for redetermination of the Notice on August 13, 2020. The protested audit was initially kept by the Bureau for records review. Liability was reduced to \$264,813 before it was turned over to Tax Appeals (Appeals) on February 19, 2021. The case was assigned to an appeals specialist and a hearing rights letter was sent to Petitioner on December 28, 2021. Petitioner initially responded to Appeals’ attempts to contact them and set up an informal hearing. Petitioner last corresponded with Appeals on May 3, 2022. At that time Petitioner agreed to gather and submit additional documentation by June 03, 2022, after missing several due dates for additional documentation gathering. Petitioner was informed during the last conversation that if they didn’t remain in contact and missed the due date for additional documentation that a decision would be written based on information available. Appeals has not received any communication or documentation as of June 09, 2022.

The Commission hereby upholds the Bureau’s findings after reviewing the audit file, the protest letter, and applicable Idaho statutes.

Background and Audit Findings

Petitioner owns and operates an office environment installation and relocation company in ID. The business first registered with the Idaho Secretary of State in 2009. The business provides a combination of design, reconfigure, move, clean, repair, and re-upholster of existing office furniture and cubicles. They occasionally sell used office furniture as well.

The Bureau conducted a sales and use tax audit of the business as it currently exists. During the review Petitioner failed to provide the requested documentation for the review. Information was provided sporadically over a three-year period. The Bureau advised Petitioner that they would have to actively work the audit to extend due dates. The Bureau forwarded the review to Appeals after Petitioner stopped providing additional documentation.

Petitioner's Protest

The timely appeal from Petitioner was to allow for additional time to obtain requested documentation. Petitioner did not protest a specific statute or procedure used to conduct the review. Petitioner initially provided additional information to the Bureau to help reduce the liability. Once Petitioner stopped actively working the review, the Bureau forwarded the case to Appeals. Appeals has contacted Petitioner several times and asked for additional documentation to no avail.

On May 03, 2022, Appeals set a final due date of June 03, 2022, for any additional documentation. The appeals specialist explained to Petitioner if they missed the due date and did not attempt to contact Appeals, a decision would be issued based upon available information.

Relevant Tax Code and Analysis

In Idaho, sales tax is imposed on the retail sale of tangible personal property, and use tax is imposed on the storage, use or consumption of tangible personal property, unless an exemption applies. *See* Idaho Code § 63-3619 and § 63-3621.

Petitioner is also required to maintain proper business records per Idaho Code section 63-3624(c) which states:

“[E]very seller, every retailer, and every person storing, using, or otherwise consuming in this state tangible personal property purchased from a retailer shall keep such records, receipts, invoices, and other pertinent papers as the state tax commission may require. Every such seller, retailer or person who files the returns required under this act shall keep such records for not less than four (4) years from the making of such records unless the state tax commission in writing sooner authorizes their destruction.”

In this case, Petitioner did not provide records to substantiate sales tax paid on equipment and material purchased and sold. Although Petitioner disagrees with the amount held taxable, they did not provide documentation to refute the Notice and the Bureau’s findings. The Bureau used available records to determine the amount of tax owed by Petitioner.

Conclusion

A deficiency determination issued by the Commission “is presumed to be correct, and the burden is on the taxpayer to show that the Commission’s decision is erroneous.” *Parker v. Idaho State Tax Comm’n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010) (citing *Albertson’s Inc. v. State Dept. of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). The Commission requires Petitioner to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Here, Petitioner did not provide adequate evidence. As a result, the Commission will uphold the Notice.

Absent information to the contrary, the Commission finds the adjusted Notice prepared by the Bureau to be a reasonably accurate representation of Petitioner’s use tax liability for the period July 1, 2014, through June 30, 2017.

The Bureau added interest to the sales and use tax deficiency. The Commission reviewed the addition and found it to be appropriate per Idaho Code section 63-3045 and has updated interest

accordingly. Interest is calculated through October 12, 2022 and will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid.

THEREFORE, the Notice of Deficiency Determination dated July 31, 2021, adjusted by the originating Bureau, is hereby APPROVED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

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

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$214,604	\$10,730	\$51,849	\$277,183

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.
