

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-656-458-752
)	
Petitioners.)	DECISION
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The Tax Discovery Bureau (Bureau) sent (Petitioners) a Notice of Deficiency Determination (Notice) for tax years 2014 and 2015. Petitioners protested, and the case was transferred to the Tax Commission’s Appeals Unit (Appeals) for redetermination. The Tax Commission has reviewed the matter and hereby upholds the Notice issued by the Bureau.

BACKGROUND

The Bureau sent Petitioners a letter requesting they file missing Idaho income tax returns. Petitioners did not respond, so the Bureau prepared their 2014 and 2015 returns for them using available 1099 and W-2 information. The Bureau also estimated business income and expenses for a sole proprietorship newspaper delivery business based on previously filed returns. The Bureau calculated their estimated gross income by averaging the gross income reported on Petitioners’ 2011, 2012, and 2019 returns. The Bureau also estimated Petitioners’ expenses by using a 75% profit margin. Petitioners protested the substitute returns, claiming the Bureau did not allow for enough expenses for their newspaper delivery business. The Bureau acknowledged their protest and transferred the case to Appeals. Appeals sent Petitioners a letter discussing the methods available for redetermining a protested Notice on February 23, 2023. Petitioners did not respond, so the Tax Commission issues its decision on the information available.

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. Petitioners exceeded the income requirements for filing tax returns. For the years in question, Petitioners failed to submit actual returns or any evidence the estimates of their income were incorrect.

Petitioners have failed to provide any substantive argument or documentation to show the 2014 and 2015 individual income tax returns prepared by the Bureau are incorrect. Therefore, the Tax Commission finds no basis for making any changes to the Notice.

CONCLUSION

Petitioners operated a business and received income from other sources in the taxable years 2014 and 2015 that exceed the threshold for filing Idaho income tax returns. Petitioners have not shown the returns prepared by the Bureau are in error. The Tax Commission reviewed the returns and found them to be a reasonable representation of Petitioners' Idaho taxable income.

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.

THEREFORE, the Notice dated August 26, 2022, and directed to is hereby APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$238	\$60	\$77	\$375
2015	740	185	205	<u>1,130</u>
			TOTAL DUE	\$1,505

Interest is calculated through October 12, 2023.

An explanation of Petitioners' 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.
