

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

In the Matter of the Protest of	)	
██████████	)	DOCKET NO. 0-659-461-120
██████████	)	
Petitioner.	)	DECISION
_____	)	

The attorney-in-fact (AIF) for ██████████ (Petitioner) protested the Notice of Deficiency Determination (Notice) dated October 1, 2024. The Tax Commission reviewed the matter and hereby issues its final decision to cancel the Notice.

**Background**

During a review of taxpayer information, the Tax Commission’s Tax Discovery Bureau (Bureau) could not locate Petitioner’s 2017-2022 Idaho returns. Prior to 2017, Petitioner had filed joint returns with a spouse, ██████████. On August 5, 2024, the Bureau sent Petitioner a letter asking about the missing returns and requested a response by September 3.

Petitioner did not respond by the provided date, so the Bureau prepared returns and a Notice for her. The Bureau used the Single filing status and included income reported on various Forms 1099, estimated pass-through income from two businesses, and wages. The Bureau began the normal review process for the Notice after preparing the returns.

On September 11, 2024, the CPA who would be named AIF sent the Bureau an email explaining that Petitioner and her husband had run into some issues and not filed tax returns since 2016. They engaged AIF to prepare the missing returns. AIF stated their reasonable goal was to have all missing returns filed within 60 days. The Bureau spoke with AIF on September 12 and informed him that the Notice would be sent once the review process was completed. AIF told the

Bureau he hoped to have all returns filed by mid-October 2024. The Bureau issued the Notice on October 1.

On December 2, 2024, AIF submitted a request for redetermination. He disputed the following items:

- Filing status: Petitioner was married and intended to file jointly with her husband.
- Estimated pass-through income: The two businesses whose pass-through income was included in the Notice were to be reported as sole proprietorships on Schedule C.
- Carryovers from 2016: The Bureau did not include Idaho net operating loss and investment tax credit carryovers from Petitioner's 2016 Idaho return.

AIF stated that the accounting for the two businesses had been reconciled and the returns would be provided soon.

The Bureau sent a letter acknowledging the timely protest and provided a schedule for filing correct returns. The letter indicated that if the requested information was not received, the Bureau would transfer the matter to the Tax Commission's Tax Appeals unit (Appeals) for resolution.

AIF submitted individual income tax returns for tax years 2017 in late December 2024, 2018 in early January 2025, 2019 in late January 2025, and 2020 in early February 2025, generally following the Bureau's prescribed schedule. After a reminder and extension to file the next return, AIF submitted a return for 2021 in late March 2025. After receiving each return, the Bureau sent a letter cancelling the Notice for the specific year for which the return had been filed and sent the returns through the Tax Commission's normal review and processing steps.

In May 2025, AIF informed the Bureau that he had not received from the owners the information needed to file a correct return for 2022. After another month, the final return had not been filed, so the Bureau transferred the matter to Appeals. In August 2025, Appeals sent a letter providing the options available for redetermining a protested Notice. AIF contacted Appeals,

stating that Petitioner and her husband still had not provided the necessary information, but he was willing to reach out to them again. Appeals granted an extension to file the last missing return, but it was never filed. In the absence of an actual return, the Tax Commission must make its decision based on the information currently available.

### **Law & Analysis**

The Bureau's Notice dated October 1, 2024, included tax years 2017 through 2022. Returns were filed for 2017 through 2021. The Bureau cancelled the Notice for these specific years after receiving each year's return. These years will not be mentioned further in this decision. The only year included in the Notice left unfilled is 2022.

When the Bureau prepared the Notice, Petitioner's most recent filed returns used the Married Filing Joint status. However, the Bureau did not have sufficient information to verify that Petitioner and her husband were still married or that they intended to file jointly for the missing years. In his protest, AIF stated that Petitioner and her husband intended to file jointly. This proved to be true for the missing returns that were filed. Additionally, AIF indicated that the two businesses Petitioner co-owned would be reported as disregarded entities on Schedule C instead of being reported as pass-through entities. This also held true on the missing returns that were filed.

Based on AIF's statements in his protest and the returns that were actually filed, the Tax Commission determined that the assertion of pass-through income and the use of the Single filing status for Petitioner are incorrect. Therefore, the Notice should be canceled for tax year 2022. The Tax Commission will include Petitioner's income and the estimated income and expenses from the two businesses in a decision for a separate but related Appeals docket, 0-277-844-992.

### Conclusion

While Petitioner has not yet filed an income tax return for 2022, the Tax Commission has received information showing that the filing status and estimated income included in the Notice is incorrect.

THEREFORE, the Notice dated October 1, 2024, and directed to [REDACTED] [REDACTED] [REDACTED] is hereby CANCELED.

An explanation of Petitioner's right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2026.

IDAHO STATE TAX COMMISSION

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2026,  
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]