

- Disallowed the negative “other income” included in Idaho income on Form 43, line 19. Petitioners indicated this was for an NOL carryover and a state income tax refund. Audit stated that Petitioners did not have an NOL to carry forward because they had not reported a loss on any Idaho returns.
- Reversed a federal NOL addback included on Form 39NR, section A, line 4, column B, stating that Petitioners were not required to make the federal NOL addback because they were nonresidents for 2022.
- Disallowed a deduction for an Idaho NOL carryover on Form 39NR, section B, line 1, column B, stating that Petitioners had not reported a loss on any Idaho returns and therefore did not have an Idaho NOL to carry over.

On July 21, 2024, Petitioners sent Audit a reply via email containing the following language:

Refused for cause: a) timely, b) insolvent, c) NO equal consideration received regardless of tacit acceptance of rights or benefits UNKNOWINGLY accepted or acknowledged, d) NOT a U.S. Citizen, e) NON-resident alien of U.S., without dishonor and without recourse to [REDACTED] WE DO NOT ACCEPT THIS OFFER TO CONTRACT. WE DO NOT ACCEPT THESE PROCEEDINGS.

Nothing in the response offered any evidence that the adjustments in the Notice were incorrect. Since Petitioners had not consented to the assessment of tax proposed in the Billing Letter, Audit issued the Notice on July 24, 2024, containing the same adjustments as those in the Billing Letter dated July 2, 2024. The Notice indicated that Petitioners’ objection to the Billing Letter was automatically applied to the Notice, as well. With the Notice, Audit sent Petitioners a letter acknowledging their protest and explaining that the determination was not changed based on the information Petitioners had provided. Audit addressed Petitioners’ protest issues:

- A) Timely - Statute of limitations – Generally, the statute of limitations to assess or refund taxes expires three years from the due date of the return or the date you filed the return, whichever is later. The audit adjustments are within the three years of Statute of Limitations.
- B) Insolvent - Payment Plan - You can request a payment plan through Taxpayer Access Point (TAP) when your audit adjustment balance is due.
- C) No Equal Consideration Received - Idaho Net Operating Loss (NOL) - You do not have an Idaho NOL subtraction, you only have a federal NOL, as discussed in the Billing Letter and Notice of Deficiency Determination (NODD).

- D) Not A U.S. Citizen - You are a resident for U.S. Tax Purposes. You have filed Idaho and Federal Returns.
- E) Non Resident Alien of U.S. - You are not a Non Resident Alien of U.S. You have filed Idaho and Federal Returns. You have registered to vote in U.S. and received an Idaho Driver's License.

Audit's letter also informed Petitioners that their file would be sent to the Tax Commission's Appeals unit (Appeals) to continue the redetermination process if a signed protest withdrawal was not received by August 9, 2024.

On September 25, 2024, Petitioners electronically submitted a document stating that the "financial charges" in the Notice would be accepted if Audit could meet 19 separate conditions. Nothing in the response offered any evidence that the adjustments in the Notice were incorrect. Because Petitioners did not withdraw their protest, Audit forwarded the matter to Appeals.

On November 1, 2024, Appeals sent Petitioners a letter offering two options for redetermining a protested Notice. They could schedule an informal hearing with a Commissioner or provide additional statements, documents, or other records for consideration. Petitioners did not request an informal hearing. On November 27, 2024, Appeals received Petitioners' response, once again offering to accept the \$9,011 "financial charge" shown in the Notice if the 19 conditions in Petitioners' September 25 response could be met. Once again, nothing in the response offered any evidence that the adjustments in the Notice were incorrect.

Law & Analysis

Petitioners' September 25, 2024, response to the Notice stated:

Conditionally accepted if you can:

1. Provide the legal standing(s) about why your first and second presentments adjoin [REDACTED] [REDACTED] [REDACTED] (also referred to as [REDACTED] [REDACTED] or [REDACTED] [REDACTED] or other capitalized derivatives whereas the full name and derivatives shall collectively be considered "[REDACTED] for brevity) and [REDACTED] [REDACTED] [REDACTED] the living man (abbreviated as "[REDACTED] [REDACTED] particularly since there is a public State of Minnesota filing showing [REDACTED] [REDACTED]

- is the owner of the DBA [REDACTED] and b) further considering [REDACTED] has another State public filing stating first priority lien position in [REDACTED].
2. Explain how your presentments legally entitle you to illude to your potential ability to file for a first priority lien on [REDACTED] when [REDACTED] is already the first priority secured party.
 3. Your presentments seems [sic] to infer that you are provided with the authority from the United States to cancel and void 8 USC 1101 a 23, which states “The term “naturalization” means the conferring of nationality of a state upon a person after birth, by any means whatsoever.” Provide proof of that authority being granted by the United States to you.
 4. Your presentments point to your organization acting outside of the United States who has agreed to United Nations Declaration of Human Rights. Why is this legally possible?
 5. Your statement that I am U.S. citizen [sic] appears to be in conflict with United Sates [sic] and international law. What United States and recognized international authority has been granted to you to ignore the United Nations Declaration of Human Rights Article 15 which states “Everyone has the right to a nationality. No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality.
 6. What international law permits you to world-wide jurisdiction to pursue nonresident aliens of the United States?
 7. Confirm in order to support your presumptions that UCC 9-307 h, which states “The United States is located in the District of Columbia” has not been materially adopted or recognized in practice by the State of Idaho and your organization.
 8. Confirm as to support your presumptions that 28 USC 3002 15 a is no longer in effect. It states, “United States” ... is a Federal corporation.”
 9. Provide evidence that your organization is either a) part of the United States or b) part of the State of Idaho who can be evidenced to be part of the United States or c) none of the above. Court cases and either trust declarations or articles publicly filed to show creation will prove to be sufficient evidence.
 10. Confirm with evidence that the United States Department of State did not correct the status of U.S. Citizen to “national of the United States” for [REDACTED]
 11. To support your claim that am [sic] a United States citizen, provide evidence that [REDACTED] did not declare to the United States Department of State his corrected nationality status of a “national of the United States, with the meaning in accordance with 8 USC 1101 a 22 B “national of the United States” means ... “(B) a person who, though not a citizen of the United States, owes permanent allegiance to the United States.”
 12. What equal consideration has the Idaho State Tax Commission provided?

13. Thus, how can any former and now invalidated implied or expressed contracts be valid when the State of Idaho and/or the Idaho State Tax Commission did not provide any consideration?
14. How does a previously filed tax returns [sic] under inaccurate comprehension make one a U.S. citizen today?
15. How does your suggestion for a payment plan not make [REDACTED] an indentured servant when [REDACTED] is insolvent and the economic activity for [REDACTED] is derived from [REDACTED]?
16. If one struggles for food and shelter, how is the suggestion for a payment plan not slavery?
17. What evidence do you have that the IRS has not been informed of non-resident alien, non-United States citizen status?
18. How are your presentments non-trust actions?
19. How are you acting as a trustee or manager based on your presentments?

These types of arguments and conditions for accepting a “contract” are typically used by people commonly known as “tax protesters” or “tax defiers².” The same can be said of Mr. [REDACTED] use of the term “a living man” in reference to himself. However, these do not encompass the full breadth and depth of the tax protester movement. “Some people believe with great fervor preposterous things that just happen to coincide with their self-interest. . . These beliefs all lead, so tax protesters think, to the elimination of their obligation to pay taxes. The government may not prohibit the holding of these beliefs, but it may penalize people who act on them.” *Coleman v. C.I.R.*, 791 F.2d 68 (1986).

It is not the duty of the Tax Commission to answer any or all of these 19 questions and conditions. The Tax Commission is tasked with ensuring the accuracy of returns filed with the State of Idaho. Petitioners filed returns which were selected by Audit for examination. Based on

² An alternative term used by the Tax Court in its decision for *Scott F. Wnuck v. Commissioner*, 136 TC 498 to describe those who make frivolous anti-tax arguments and “enjoy the benefits of American security and stability while refusing to shoulder their portion of the responsibility.”

information available at the time, Audit determined that Petitioners owed additional tax and issued the Notice to notify Petitioners of the deficiency.

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)). Petitioners have not even argued that the Notice is incorrect, let alone provided any information or documentation to show that it might be. Therefore, since Petitioners have not met their burden to show the deficiency is erroneous, the Tax Commission upholds the Notice.

The Bureau added interest to Petitioners' tax deficiency. The Tax Commission reviewed this addition and finds it to be appropriate and in accordance with Idaho Code section 63-3045.

Conclusion

Petitioners filed Idaho tax returns for 2021 and 2022. Audit determined these returns contained errors and issued the Notice to correct them. Petitioners have not provided evidence to show that Audit's corrections were not warranted.

THEREFORE, the Notice dated July 24, 2024, and directed to [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] is hereby UPHELD and MADE FINAL.

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

| <u>YEAR</u> | <u>TAX</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------|-----------------|----------------|
| 2021 | \$7,352 | \$857 | \$8,209 |
| 2022 | 857 | 69 | <u>926</u> |
| | | | <u>\$9,135</u> |

DEMAND for immediate payment of the foregoing amount is hereby made and given. Interest is calculated in accordance with Idaho Code section 63-3045.

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

DATED this _____ day of _____ 2025.

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2025,
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.


