

Subtraction, Medical Expenses and Carryover of Charitable Contributions deductions, Schedule C – Recovery Center deductions, Schedule C – Coaching deductions, Credit for Contributions to Idaho Educational Entities, and Credit for Contributions to Idaho Youth and Rehabilitation Facilities. Audit sent Petitioners a letter requesting documentation to substantiate their deductions. Audit issued a Notice when the requested documentation was not provided.

Petitioners protested the accuracy of the Notice. Petitioners stated many of their tax papers were stolen by a moving company they used, and they were victims of identity theft. Petitioners stated they were not allowed their charitable deductions, medical expenses, and mileage on their automobiles. Petitioners stated they were not allowed but were rightfully due the grocery credit. Audit accepted Petitioners' protest and granted them an extension to provide additional documentation. Petitioners did not provide additional documentation within the extension time frame. The matter was then transferred to the Commission's Appeals Unit (Appeals) for an administrative review.

Appeals sent Petitioners a letter containing two methods for redetermining a protested Notice. Petitioners did not request a hearing. Petitioners again requested and were granted an extension. Petitioners again did not provide additional documentation within the extension time frame. The Commission decided the matter based upon available information.

LAW AND ANALYSIS

Audit adjusted Petitioners' medical expenses and their carryover of charitable contributions due to a lack of documentation. Petitioners stated they were denied the grocery credit, though their grocery credit was neither denied nor adjusted. The grocery credit line on Petitioners' Notice had zeros for each tax year indicating zero adjustment. Petitioners received \$200 in grocery credits for each of the taxable years in question.

Idaho Code and the Internal Revenue Service have provisions relating to the measurement of taxable income which simply states there shall be allowed as a deduction for all ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business. Deductions/expenses are a matter of legislative grace and only as there is clear provision therefore can any particular deduction be allowed. *New Colonial Ice Co., Inc. v. Helvering*, 292 U.S. 435, 54 S.Ct. 788 (1934). The taxpayer bears the burden of proving that they are entitled to the deduction. *Higgins v. C.I.R.*, T.C. Memo. 1984-330 (1984). The burden rests upon the taxpayer to disclose their receipts and claim their proper deductions. *United States v. Ballard*, 535 F.2d 400 (1976).

Moreover, it is well established that the Commission is not required to accept self-serving testimony in the absence of corroborating evidence. *Niedring v. Commissioner*, 99 T.C. 202, 212 (1992); *Tokarski v. Commissioner*, 87 T.C. 74, 77 (1986). If a taxpayer is unable to provide adequate proof of any material fact upon which a deduction depends, no deduction is allowed, and that taxpayer must bear their misfortune. *Burnet v. Houston*, 283 U.S. 223, 51 S.Ct. 413 (1931).

CONCLUSION

The Commission upholds the Notice issued to Petitioners because they did not provide documentation to support the deductions claimed on their tax returns for the years in question. The Commission requires Petitioners to provide adequate evidence to establish the amount asserted in the Notice is incorrect. Here, Petitioners did not provide adequate evidence.

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.
