

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-821-363-712
	)	
	)	
Petitioners.	)	DECISION
	)	

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The Tax Discovery Bureau (Bureau) at the Idaho State Tax Commission issued a Notice of Deficiency Determination to \_\_\_\_\_ (Petitioners) asserting an income tax deficiency of \$325,688 for tax years 2013 through 2019. Petitioners filed a timely appeal and petition for redetermination of the Notice. The Tax Commission has reviewed the file and hereby issues its decision.

Petitioners did not file Idaho individual income tax returns for the tax years 2013 through 2019. The Bureau requested Petitioners file their tax returns but did not receive a response. The Bureau determined a total income tax deficiency of \$325,688 and issued a Notice. Petitioners appealed contending the Bureau’s income tax calculations were incorrect and requested additional time to file tax returns.

Over the course of several months, Petitioners submitted tax returns and payments for tax years 2013 through 2018. The Bureau canceled the Notice for these years. Petitioners requested additional time to file a tax return for tax year 2019. The Bureau granted Petitioners additional time but never received the return.

The Bureau transferred the case to the Tax Appeals Unit. The Tax Appeals Unit contacted Petitioners’ representative to inquire about the missing 2019 tax return. Petitioners, via their

representative, requested additional time. The Tax Appeals Unit granted another 45 days extension but never received the returns.

The Tax Commission’s determination of a deficiency is presumed correct, and the taxpayer bears the burden of proving it incorrect. *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). Additionally, tax deductions and tax credits are a matter of legislative grace and the burden of clearly showing the right to any claimed deduction or credit is on the taxpayer. *INDOPCO, Inc. v. Comm’r*, 503 U.S. 79, 84 (1992). *Lewyt Corp. v. Comm’r*, 349 U.S. 237, 250 (1955). *Commodore Mining Co. v. Comm’r*, 111 F.2d 131, 133 (10th Cir. 1940). *New Colonial Ice Co. v. Helvering*, 292 U.S. 435, 440 (1934).

The Tax Commission finds Petitioners, having not filed their tax return for tax year 2019, having not introduced any documentary evidence, and minimal testimonial evidence, has failed to prove the Notice is incorrect. Therefore, the Tax Commission will uphold the Notice concerning tax year 2019.

The Bureau added interest and penalty to the income tax deficiency. The Tax Commission reviewed those additions, found both to be appropriate per Idaho Code sections 63-3045 and 63-3046, and has updated interest accordingly. Interest is calculated through December 20, 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 March 16, 2021, is hereby MODIFIED, in accordance with the provisions of this decision, and is AFFIRMED 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>
2019	\$9,252	\$2,313	\$718	\$12,283

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of Petitioners' 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.

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