

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

██████████ ██████████ ██████████

Petitioners.

DOCKET NO. 0-850-977-792

DECISION

██████████ ██████████ ██████████ (Petitioners) protested the Notice of Deficiency Determination (Notice) dated January 5, 2024. Petitioners disagreed with the Tax Discovery Bureau's (Bureau) determination of their Idaho taxable income for tax years 2015 through 2021. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby modifies the Notice for the reasons stated below.

BACKGROUND

During a review of Petitioners' filing history with the Tax Commission, the Bureau found Petitioners stopped filing Idaho individual income tax returns after their 2014 return. Tax Commission records, and information obtained by the Bureau, show Petitioners are partners of ██████████ ██████████ ██████████ ██████████ (66%), ██████████ ██████████ ██████████ (50%), and ██████████ ██████████ ██████████ (50%). As partners, income from businesses flows through to Petitioners' individual income tax return. The business income on Petitioners' Notice was the result of non-filer audits conducted by the Bureau for all three businesses, none of which were protested.

Petitioners argue that the Notice is incorrect for these reasons: no basis was allowed for the property sales in tax years 2015 through 2018 and the pass-through income for 2015 through 2021 for their three businesses is overstated. Petitioners state that they will file the missing business and individual returns which will better represent their Idaho taxable income. The Bureau gave Petitioners

additional time to file their returns. When Petitioners did not provide the returns, the Bureau forwarded the case to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent Petitioners a letter that discussed the methods available for redetermining a Notice. Petitioners responded, stating they were in the process of preparing business returns which will allow them to file their individual returns. The Tax Commission received four business returns for [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] and found them to be a better representation of the business' taxable income. Therefore, the Tax Commission accepts the business' 2015 through 2018 returns, subject to the Tax Commission's normal review. Accepting these business returns reduces the amount of income that flows through to Petitioners. The Tax Commission modifies the Notice to reflect the flow through income for tax years 2015 through 2018.

The Tax Commission did not receive any returns for [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] or the 2019-2021 returns for [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] and Petitioners have yet to file any of the missing individual returns. Seeing that they had more than adequate time to complete and submit their returns, the Tax Commission decides the matter based on the information available.

LAW AND ANALYSIS

Idaho Code section 63-3030 provides the income thresholds for filing Idaho income tax returns. The information the Bureau gathered clearly shows Petitioners' income exceeded the threshold for each of the years. Petitioners met the requirements to file Idaho income tax returns. Petitioners did not deny their requirement to file Idaho income tax returns; they wanted to file their own returns believing their taxable income would be less than what the Bureau determined.

In Idaho, a Tax Commission deficiency determination is presumed to be correct, and the burden is on the taxpayer to show that the deficiency is erroneous. *Parsons v. Idaho State Tax*

Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). Petitioners have not met their burden, they have not shown the returns the Bureau prepared for tax years 2015 through 2021 are incorrect.

CONCLUSION

Petitioners received income in tax years 2015 through 2021 which was over the threshold for filing Idaho individual income tax returns. Petitioners were required to file Idaho income tax returns but have not done so. Furthermore, Petitioners have not shown the returns the Bureau prepared are incorrect.

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, respectively.

THEREFORE, the Notice dated January 5, 2024, and directed to [REDACTED] [REDACTED] [REDACTED] [REDACTED] is hereby MODIFIED and MADE FINAL.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest calculated per Idaho Code section 63-3045:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$14,174	\$3,544	\$5,515	\$23,233
2016	15,181	3,795	5,344	24,320
2017	4,071	1,018	1,299	6,388
2018	16,534	4,134	4,567	25,235
2019	6,109	1,527	1,358	8,994
2020	6,128	1,532	1,183	8,843
2021	7,714	1,929	1,326	<u>10,969</u>
			TOTAL	\$107,982

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 _____ 2025.

IDAHO STATE TAX COMMISSION

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.
