BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-936-203-264
[redacted]	)	
	)	
Petitioner.	)	DECISION
	)	

[redacted] (Petitioner) protested the Notice of Deficiency Determination (Notice) dated December 18, 2024, issued by the Tax Discovery Bureau (Bureau) for the period April 1, 2021, through November 30, 2023. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the modified Notice.

Background

According to records from the Office of the Secretary of State, Petitioner, located in [redacted] Idaho, filed a business registration on [redacted]. It wasn't until April 17, 2024, that the Tax Commission received Petitioner's application for a seller's permit. The Bureau attempted to contact Petitioner to inquire whether they had engaged in any retail sales between the date of their filed business registration and the date of application for the seller's permit. Petitioner did not respond to the Bureau's inquiries. In the absence of information from Petitioner, the Bureau estimated Petitioner's potential sales tax liability and issued the Notice.

Petitioner protested the Notice, stating they are a tattoo artist and that they began making retail sales in November 2022. Petitioner asserted the potential sales tax liability shown in the Notice is overstated and provided a sales report to support their claim. In addition, Petitioner requested a refund for sales tax paid on items they purchased for resale.

The Bureau reviewed the information and modified the Notice to reflect fewer retail sales but did not allow the requested refund. The Bureau sent Petitioner a copy of the modified Notice and requested the following documentation related to the refund request: (1) Purchase invoices from each vendor showing sales tax paid at the time of purchase. (2) Information demonstrating Petitioner's attempt to contact each vendor requesting a refund before submitting a request to the Tax Commission. Petitioner provided none of the requested information.

The Bureau forwarded the case to the Tax Commission's Appeals Unit (Appeals) for administrative review. Appeals sent Petitioner a letter informing them of the options available for redetermining a Notice and received no response. The Tax Commission, having reviewed the matter, hereby issues its decision based on the information available.

Law & Analysis

Idaho Code section 63-3610(b) defines the term "retailer" as follows:

> Every person engaged in the business of making sales for storage, use, or other consumption or in the business of making sales at auction of tangible personal property owned by the person or others for storage, use, or other consumption.

Idaho Code section 63-3619 asserts that a six percent (6%) tax applies to all applicable sales conducted by a retailer at the time of sale.

Idaho Code section 63-3623 states, in pertinent part:

> (a) The taxes imposed by this act are due and payable to the state tax commission monthly on or before the twentieth of the succeeding month.
>
> (c) On or before the twentieth day of the month a return shall be filed with the state tax commission in such form as the state tax commission may prescribe.
>
> (f) The return shall show the amount of the taxes for the period covered by the return and such other information as the state tax commission deems necessary for the proper administration of this act.

In the current matter, Petitioner is a retailer and is responsible for correctly charging, collecting, reporting, and remitting six percent (6%) sales tax on all retail sales of tangible personal property unless their customer provides a valid exemption. Petitioner did not submit the required returns and did not remit sales tax for their retail sales. After being contacted by the Bureau, Petitioner did provide information showing the amount of their unreported retail sales and that amount is subject to sales tax.

Petitioner also requested a refund of tax paid for purchases later sold at retail. These refunds may be available when properly supported by documentation. The requirements for requesting a sales tax refund are provided in IDAPA 35.01.02.117.02, which states:

> **Payment of Sales Tax by a Buyer to a Vendor.** When a buyer has paid sales tax to a vendor, and later determines that the sales tax was paid in error, the buyer needs to request the refund from the vendor to whom the excess tax was paid. If the buyer can provide evidence that the vendor has refused to refund the tax, he may then file a claim for refund directly with the Commission.

In the current matter, Petitioner did not provide evidence that shows their vendor denied their request for a refund. Therefore, no refund is allowed.

In Idaho, it is well established that a Tax Commission Notice "is presumed to be correct, and the burden is on the taxpayer to show that the Tax Commission's decision is erroneous." *Parker v. Idaho State Tax Comm'n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010) (citing *Albertson's Inc. v. State Dep't of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). Petitioner has not met their burden. Therefore, the Tax Commission finds the modified Notice to be correct.

THEREFORE, the MODIFIED Notice dated June 12, 2025, and directed to [redacted] is hereby UPHELD and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest:

PERIOD	TAX	PENALTY	INTEREST	TOTAL
01/22 through 11/23	$1,160.39	$290.11	$155.02	$1,605.52

The Tax Commission DEMANDS immediate payment of this amount. Interest is calculated in accordance with Idaho Code section 63-3045.

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:

[redacted]

Receipt No.

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