

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-018-266-624
)	
Petitioners.)	DECISION
<hr style="width: 45%; margin-left: 0;"/>)	

(Petitioner) protested the Notice of Deficiency Determination dated March 21, 2022. Petitioner disagreed with the Tax Discovery Bureau’s (Bureau) determination of his Idaho taxable income for the tax years 2014 through 2016, 2019, and 2020. The Tax Commission reviewed the matter and for the reasons stated upholds the Notice of Deficiency Determination.

BACKGROUND

Petitioner is a member of _____ (_____ a limited liability company organized in Idaho. _____ failed to file Idaho business income tax returns for the tax years 2014 through 2020. The Bureau determined _____ had net distributable income for each of the years 2014 through 2020. The Bureau found that Petitioner did not report _____ distributable income, nor did he file Idaho individual income tax returns.

The Bureau prepared income tax returns for Petitioner for tax years 2014, 2015, 2016, 2019, and 2020 and sent him a Notice of Deficiency Determination. The Bureau determined Petitioner’s income for 2017 and 2018 would result in no tax owed. The Bureau based Petitioners’ income tax returns on the flow through income from _____ and W-2 wages from _____

Petitioner protested the Bureau’s determination stating 2019 was one of his worst years working the business. Petitioner stated his income was nowhere near the amount determined by _____

the Bureau. Petitioner stated the Bureau's determination for the other years was closer to the average, but he still believed them to be off. Petitioner stated he would look for someone to help him prepare his income tax returns.

The Bureau acknowledged Petitioner's protest and allowed additional time for him to submit his returns. When Petitioner failed to submit his returns, the Bureau sent the matter to the Tax Commission's Appeals Unit (Appeals).

Appeals reviewed the matter and sent Petitioner a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. Petitioner did not respond. Appeals sent a follow-up letter to Petitioner, but still received no response. Seeing that Petitioner had an opportunity to present whatever additional information or returns for consideration, the Tax Commission decided the matter based on the information available.

LAW AND ANALYSIS

Petitioner is a member of an Idaho LLC. Petitioner is an Idaho resident. Generally, LLC income flows through to the LLC's members in accordance with their ownership percentage. *See* Internal Revenue Code section 1366.

In its decision for Docket No. 1-232-503-808, the Tax Commission determined
had net distributable income from its business operations in each of the tax years 2014 through 2020. Therefore, Petitioner was required to report on his individual income tax returns the income from
In addition, Petitioner received W-2 wages from
which are part of his total income.

Petitioner did not contest his requirement to file Idaho individual income tax returns. Petitioner questioned his taxable income as determined by the Bureau. Petitioner stated he would try to get someone to prepare his returns; no returns were received.

The Bureau provided evidence Petitioner received income that required him to file Idaho individual income tax returns. The burden is now on Petitioner to show that the Bureau's determination is wrong. See *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). Petitioner provided nothing more than his protest to show the Bureau's determination in error. Petitioner has not met his burden. The Tax Commission reviewed the returns the Bureau prepared for Petitioner and found them to be a reasonable representation of Petitioner's Idaho taxable income.

CONCLUSION

Petitioner is an Idaho resident and a member of an Idaho LLC. The LLC was found to have net distributable income that flows through to Petitioner. Petitioner did not provide anything contrary to the returns prepared by the Bureau. Therefore, the Tax Commission upholds the Bureau's determination.

The Bureau added interest and penalty to Petitioner's 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 of Deficiency Determination dated March 21, 2022, and directed to _____ is AFFIRMED.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$1,756	\$439	\$572	\$2,767
2015	292	73	84	449
2016	165	41	41	247
2019	2,674	669	320	3,663
2020	205	51	19	<u>275</u>
			TOTAL DUE	<u>\$7,401</u>

Interest computed to December 15, 2023.

An explanation of Petitioner's 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.
