

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

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Petitioner.

DOCKET NO. 1-261-429-760

DECISION

■■■■■ (Petitioner) protested the Notice of Deficiency Determination (Notice) dated September 11, 2024. The Tax Commission reviewed the matter and hereby issues its final decision to uphold the Notice.

Background

During a review of taxpayer information, the Tax Commission's Tax Discovery Bureau (Bureau) could not locate Petitioner's Idaho individual income tax returns for tax years 2016, 2017, 2018, 2019, 2020, and 2022. The Bureau determined that Petitioner met the requirements to file Idaho tax returns for the years in question.

The Bureau first contacted Petitioner on August 14, 2024, inquiring about the missing returns. Petitioner returned the letter with several phrases stamped on it, including:

- Return/Refused for Cause; Incomplete Presentment
- NULL & VOID
- LACK OF JURISDICTION
- <Signature Required> (USC Title 28 & 1746)

Petitioner also handwrote two notes on the letter:

- "Strawman Scam" next to the mailing address
- "Provide evidence of the law giving form – force – effect to your demand"

To accompany his return of the Bureau's letter, Petitioner sent an "Affidavit to Idaho State Tax Commissioner," which included six statements:

- ...I am confused as to the nature of your apparent demand that you think might apply to me.
- Pursuant to title 28 [section] 1746 I find it necessary that you verify your identity, with a demand that you do so.
- Verification of your identity-claim is established by affidavit with live signature via certified mail has never been provided.
- Keep in mind Idaho Code is not law and is therefore absent of form-force-and-effect pursuant to common law.
- Idaho State employees connected to this action have not provided the law that requires me to file, let alone pay a State of Idaho individual income tax.
- Hence your records should verify that my demands for providing proof of jurisdiction have been summarily ignored, hence the time element for providing the aforementioned proof have long expired.

On September 11, 2024, the Bureau issued the Notice, including calculations of the tax due for each year, an explanation of the facts related to the case, and citations of relevant Idaho Code and Internal Revenue Code sections. The Bureau also sent a letter acknowledging Petitioner's protest of the initial letter requesting information. Under "What you need to know," the letter reads in part, "The rejection of the non-filer letter based on "Cause Incomplete Presentment" and your assertion that the Tax Commission lacks jurisdiction conflicts with the legal requirements outlined in both federal and Idaho state law." The letter goes on to explain that Idaho Code requires every resident individual of Idaho required to file a federal tax return to file an Idaho tax return as well and that an individual is defined as a "natural person." This section concludes, "As such, unless there is a specific legal exemption that applies to your situation, your claim of lack of jurisdiction may not be valid."

Petitioner returned both the Notice and the letter on October 2, 2024. Both documents were stamped with the same four stamps as the Bureau's first letter from August 14. Petitioner included 16 additional pages of information, which contained references to Idaho Code, United States Code, various books and court cases, and the Constitution of the State of Idaho. He also provided another

affidavit, again asserting a lack of jurisdiction. He did not dispute the amount of income the Bureau used in calculating the tax due shown on the Notice.

The Bureau forwarded the matter to the Tax Commission's Appeals unit (Appeals), which sent a letter on January 13, 2025, outlining the two options available for redetermining a protested Notice. Petitioner did not choose to take part in an informal hearing but responded with a third affidavit asserting lack of jurisdiction: "Codes and Statutes are a derivative of Roman Civil Law and as such, have no application whatsoever to me;" and "Proof of jurisdiction has never been presented into evidence in order to lawfully initiate, let alone proceed with your demands as per the oath you allegedly took to support and uphold the ratified Constitution for the United States of America." Petitioner again did not dispute the amount of income the Bureau used in calculating the tax due shown on the Notice. No additional documentation having been provided, the Tax Commission must make its decision on this matter based on the information currently available.

Law & Analysis

The matter at hand is not the first that Petitioner has had with the Tax Commission. In a previous case involving unfiled income tax returns, the Tax Commission determined that Petitioner was required to file Idaho income tax returns for tax years 2003 through 2013¹.

The arguments Petitioner used in his correspondence with the Bureau and Appeals are typical of people commonly known as "tax protesters." They do not, however, encompass the full depth and breadth of the tax protester movement. "Some people believe with great fervor preposterous things that just happen to coincide with their self-interest. 'Tax protestors' have convinced themselves that wages are not income, that only gold is money, that the Sixteenth

¹ Refer to Idaho State Tax Commission Appeals Docket no. 0-826-060-800.

Amendment is unconstitutional, and so on. These beliefs all lead – so tax protesters think – to the elimination of their obligation to pay taxes.”²

The Tax Commission and its employees are tasked, in part, with the enforcement of Idaho Code, Title 63. Idaho Code section 63-3038 reads as follows:

It shall be the duty of the state tax commission of the state of Idaho as established in chapter 1 of title 63, Idaho Code, to administer and enforce the provision of this title. The state tax commission is authorized to designate deputies and employees to specifically administer the provisions of this title and such deputies and employees may be authorized to act in the name of the state tax commission and in its place and stead, provided, however, that such designation shall be made in writing.

Idaho Code section 63-3002 states that the intent of the Idaho legislature is to impose a tax on residents of Idaho based on their Idaho taxable income from all sources. Idaho Code section 63-3013 defines a resident for tax purposes as an individual who is domiciled in Idaho the entire year or who maintains a place of abode in Idaho for the entire year and spends more than 270 days in the state. Idaho Code section 63-3030(a)(1) requires each individual who is a resident of Idaho to file an Idaho income tax return if required to file a federal return. Internal Revenue Code section 6012 states that the requirement to file a federal return is based on gross income, which includes – but is not limited to – self-employment income before expenses are considered.

Based on available information, the Tax Commission determined that Petitioner was a resident of Idaho for tax years 2016, 2017, 2018, 2019, 2020, and 2022. Petitioner has owned and operated [REDACTED] [REDACTED] [REDACTED] as a sole proprietorship for many years. The Tax Commission received information from the Internal Revenue Service showing that Petitioner received enough nonemployee compensation to require him to file income tax returns for the years

² *Coleman v. Commissioner*, 791 F.2d 68 (1986)

in question. The Tax Commission recognizes that Petitioner likely incurred ordinary and necessary expenses in the conduct of his business, which could reduce his taxable income. However, deductions are a matter of legislative grace, and the taxpayer bears the burden of proving that he is entitled to the deductions claimed³. The burden rests upon the taxpayer to disclose his receipts and to claim his proper deductions⁴.

In Idaho, it is well established that a Tax Commission Notice is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous⁵. The Tax Commission requires Petitioner to provide adequate evidence to establish that the amount asserted in the Notice is incorrect, which he has failed to do. He has not filed actual returns to show that the individual income tax returns prepared by the Bureau for tax year 2016, 2017, 2018, 2019, 2020, and 2022 are incorrect. Therefore, the Tax Commission finds the returns prepared by the Bureau to be reasonable representations of Petitioner's Idaho taxable income and related tax due.

The Bureau added interest and penalty to Petitioner's tax deficiency. The Tax Commission reviewed those additions and finds them to be appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

Conclusion

Petitioner received enough gross income during tax years 2016, 2017, 2018, 2019, 2020, and 2022 that he was required to file federal income tax returns. Petitioner was an Idaho resident during these years. As such, he was also required to file Idaho income tax returns. He did not do so.

³ *New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S.Ct. 788 (1934)

⁴ *United States v. Ballard*, 535 F.2d 400, 404 (1976)

⁵ See *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2 (Ct. App. 1986) (citing *Albertson's Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814 (1984))

THEREFORE, the Notice dated September 11, 2024, and directed to [REDACTED] [REDACTED] [REDACTED] is hereby UPHeld and MADE FINAL.

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>
2016	\$1,571	\$393	\$542	\$2,506
2017	1,158	290	361	1,809
2018	691	173	186	1,050
2019	258	65	56	379
2020	4,621	1,155	860	6,636
2022	978	245	161	1,384
				<u>\$13,764</u>

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 _____ 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.
