

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
)
 ,) DOCKET NO. 1-334-494-208
)
 Petitioner.) DECISION
)
 _____)

(Petitioner) protested the Notice of Deficiency Determination (Notice) dated January 9, 2023. Petitioner disagreed with the Tax Discovery Bureau (Bureau)’s determination of his Idaho taxable income for tax years 2018 through 2020. The Idaho State Tax Commission (Tax Commission) reviewed the matter and for the reason stated below modifies the Notice.

BACKGROUND

The Bureau sent Petitioner¹ a letter on November 9, 2022, asking about his requirement to file Idaho income tax returns for the tax years 2017 through 2020. Petitioner did not respond. Therefore, the Bureau analyzed the information² available to the Tax Commission and determined that Petitioner was required to file Idaho income tax returns for tax years 2018 through 2020. The Bureau prepared returns for Petitioner for these years and sent him a Notice.

Petitioner protested the Notice. Petitioner did not dispute his requirement to file Idaho income tax returns for the years shown in the Notice but instead argued the Notice is incorrect as it did not accurately reflect his business income and expenses. Petitioner requested additional time to file actual returns.

¹ Petitioner is a sole owner of _____ registered as a limited liability company with the Idaho Secretary of State on _____ acquired an Idaho seller’s permit from the Tax Commission in October 2017 (effective October 1, 2017).

² Idaho Sales & Use Tax Reports filed by _____

The Bureau acknowledged Petitioner's protest and allowed him additional time to provide his returns. However, Petitioner did not provide his returns by the extended deadline. The Bureau transferred his case to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals sent Petitioner a letter explaining the options available for redetermining a protested Notice. Petitioner responded but did not request an informal hearing. Rather, Petitioner requested more time to file the missing returns. After several extensions of time, Petitioner did file his 2018 return, and the Bureau sent it to processing. Therefore, the Tax Commission modifies the Notice for 2018, accepting the return filed by Petitioner. Petitioner has yet to file his returns for 2019 and 2020. The Tax Commission will decide the matter based upon the information available for 2019 and 2020.

LAW AND ANALYSIS

Idaho Code section 63-3030 provides the income thresholds for filing Idaho individual income tax returns. The information gathered by the Bureau clearly shows Petitioner received Idaho source income during the years in question that exceeded the threshold amount for filing Idaho income tax returns. Therefore, Petitioner was required to file Idaho individual income tax returns.

Petitioner does not deny he is required to file Idaho income tax returns for tax years 2019 and 2020. Instead, Petitioner argues the Bureau's calculation of his Idaho income tax due is incorrect for these years because he had business expenses that were not correctly reflected in the Notice. However, deductions are a matter of legislative grace. *New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S.Ct. 788 (1934). The burden rests upon the taxpayer to disclose his receipts and claim his proper deductions. *United States v. Ballard*, 535 F.2d 400, 404 (1976).

If a taxpayer is unable to provide adequate proof of any material fact upon which a deduction depends, no deduction is allowed, and the taxpayer must bear its misfortune. *Burnet v. Houston*, 283 US. 223, 51 S.Ct. 413 (1931). Here, Petitioner has provided no documentation for 2019 and 2020 to show his entitlement to any additional deductions not shown in the Notice, he has not met his burden.

CONCLUSION

Petitioner received income in tax years 2018 through 2020 that exceeded the threshold for filing Idaho income tax returns. Petitioner was required to file income tax returns for these years. After numerous extensions of time, Petitioner did file his 2018 return. However, for 2019 and 2020, Petitioner failed to file returns and did not show that the returns the Bureau prepared were incorrect. The Tax Commission reviewed the returns prepared by the Bureau for 2019 and 2020 and found them reasonable based on the information available. Therefore, the Tax Commission upholds the Notice for 2019 and 2020.

The Bureau added interest and penalty to Petitioner’s Idaho tax. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046. Interest is computed to June 12, 2024.

THEREFORE, the Notice dated January 9, 2023, directed to _____ is AFFIRMED as MODIFIED by this decision.

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>
2018	\$(90)	\$0	\$0	\$(90)
2019	10,490	2,623	1,559	14,672
2020	12,523	3,131	1,495	17,149
			TOTAL DUE	<u><u>\$31,731</u></u>

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

An explanation of Petitioner's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2024.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2024,
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.
