

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-500-309-504
)	
Petitioner.)	DECISION
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(Petitioner) protested the Notice of Deficiency Determination dated September 11, 2020. Petitioner disagreed with the Tax Discovery Bureau’s (Bureau) determination of his Idaho taxable income for tax years 2013 through 2018. Petitioner stated during those years he worked away from home and had deductions not accounted for in the Bureau’s determination of his Idaho taxable income. The Tax Commission reviewed the matter and hereby modifies the Notice of Deficiency Determination.

BACKGROUND

During a review of Petitioner’s tax return filing history with the Tax Commission, the Bureau found Petitioner did not file Idaho income tax returns for the tax years 2013 through 2018. The Bureau sent Petitioner a letter asking about his requirement to file Idaho income tax returns. Petitioner did not respond. The Bureau gathered the income information available to the Tax Commission and determined Petitioner was required to file income tax returns for each of the years. The Bureau prepared returns for Petitioner using W-2 wage and tax statements and 1099 income statements. The Bureau sent Petitioner a Notice of Deficiency Determination that he protested.

In Petitioner’s protest he stated he disagreed with the returns the Bureau prepared because he had other deductions the Bureau did not include. Petitioner stated he worked away from home

during those years and had travel and living expenses that could be deducted. Petitioner also stated he paid union dues in those years that could be deducted.

The Bureau acknowledged Petitioner's protest and asked Petitioner to provide copies of his Idaho and federal income tax returns. Petitioner did not respond, so the Bureau referred 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 Notice of Deficiency Determination. Petitioner contacted Appeals and said he was currently unemployed and unable to gather all the information needed to submit his deductions and expenses. Petitioner stated he would be going back to work soon and would like more time to compile the information. Petitioner stated he worked out of town every year and has a lot of exemptions [sic].

Appeals allowed Petitioner additional time but when nothing was received, Appeals contacted him and asked him to either prepare his own income tax returns or provide documentation and receipts to get the benefit of his deductions and expenses. Petitioner called Appeals stating he was working out of town but would be back home the first of the month. Petitioner stated he found someone to prepare all his back tax returns and after he talked to her, he would call Appeals to make a plan for him to get his returns filed.

The following month, Petitioner did not contact Appeals, so Appeals called Petitioner. Petitioner stated his tax preparer told him she could not prepare his returns because she could not get the software. Petitioner stated he was going to get all his tax information back from her and look for another tax preparer.

A couple of months later, Appeals contacted Petitioner and he told Appeals he found an accountant to prepare his returns. However, Petitioner stated he was working out of town again

making it difficult to contact his accountant. Nonetheless, Petitioner assured Appeals he was determined to get his returns completed and filed.

A few more months passed with no returns received from Petitioner. Appeals contacted Petitioner again and he stated his returns were completed and mailed to the Tax Commission a month ago, which was April 2023. Because of the time of year, Appeals told Petitioner it may be some time before his returns would be delivered to Appeals.

Appeals never received Petitioner's returns, so Appeals asked him to send copies of his returns or take them directly to the Tax Commission's Pocatello office. Petitioner took copies of his 2013-2014 and 2016-2019 income tax returns to the Pocatello office who then forwarded the returns to Appeals. Appeals reviewed Petitioner's returns and found them generally to be better representations of Petitioner's taxable income.

For tax years 2013, 2016, and 2017, Petitioner's income matched the information obtained by the Bureau. For tax years 2014 and 2018, Petitioner omitted income, specifically cancellation of debt income and unemployment compensation, respectively.

As for tax year 2015, Petitioner did not provide an income tax return for that year. However, Petitioner did provide an income tax return for tax year 2019. Tax year 2019 was not part of the audit, nevertheless the Tax Commission accepts the return and will process it as any other income tax return.

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 Petitioner's income exceeded the threshold for each of years. Petitioner was required to file Idaho income tax returns.

Petitioner did not deny he was required to file Idaho income tax returns. In fact, Petitioner did file income tax returns for all the years but 2015, thus fulfilling the requirement of Idaho Code section 63-3030 for those years. Upon review of Petitioner's returns, the Tax Commission accepts his income tax returns for the tax years 2013, 2016, and 2017, subject to the normal review process of the Tax Commission, in lieu of the returns the Bureau prepared. However, for tax years 2014 and 2018, the Tax Commission corrects Petitioner's returns to include \$948 in 2014 of cancellation of debt income, and \$4,455 in 2018 of unemployment compensation. In addition to the unemployment compensation in 2018, the Tax Commission also allowed Petitioner a credit for taxes paid to another state. Petitioner provided a copy of his Utah state income tax return with his 2018 Idaho income tax return but did not claim the credit.

As for tax year 2015, Petitioner did not provide an income tax return. Generally, when a taxpayer does not submit an actual return in lieu of a return prepared by the Bureau, the Tax Commission affirms the return the Bureau prepared. The Tax Commission reviewed the return the Bureau prepared and found it similar to the returns Petitioner submitted for the other years; therefore, the Tax Commission upholds the Bureau's determination for tax year 2015.

CONCLUSION

Petitioner did not file Idaho income tax returns for tax years 2013 through 2018. Petitioner received income in those years that was over the threshold for filing Idaho individual income tax returns. Petitioner was required to file Idaho income tax returns. Petitioner was contacted about the missing returns and given time he provided all but one of the returns. The Tax Commission reviewed the returns Petitioner provided and found them to be a better representation of Petitioner's Idaho tax liability than the returns the Bureau prepared. Therefore, the Tax

Commission accepts Petitioner’s 2013, 2016, and 2017 returns in lieu of the Bureau’s returns, subject to the normal review process of the Tax Commission.

However, the returns for 2014 and 2018 did not report all of Petitioner’s income. The Tax Commission corrected those returns to include the income and allowed a credit for taxes paid to another state for 2018. Otherwise, the Tax Commission accepts those returns subject to the Tax Commission’s normal review process.

Petitioner did not provide an income tax return for tax year 2015. Therefore, the Tax Commission upholds the Bureau’s determination for that year.

Petitioner’s returns resulted in tax owed to the state of Idaho each year. Since Petitioner’s returns were filed late, interest and penalty are added to his Idaho tax liability in accordance with Idaho Code sections 63-3045 and 63-3046. Interest is computed to December 31, 2023.

THEREFORE, the Notice of Deficiency Determination dated September 11, 2020, 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>
2013	\$797	\$199	\$294	\$1,290
2014	1,615	404	531	2,550
2015	1,517	379	438	2,334
2016	1,027	257	258	1,542
2017	1,250	313	273	1,836
2018	981	245	172	<u>1,398</u>
			TOTAL DUE	<u>\$10,950</u>

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

DATED this 10th day of April 2024.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of April 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.
