

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-545-484-288
)	
Petitioner.)	DECISION
<hr style="width: 45%; margin-left: 0;"/>)	

The Tax Discovery Bureau (Bureau) at the Idaho State Tax Commission (Tax Commission) issued a Notice of Deficiency Determination (Notice) to (Petitioner) asserting a combined income tax deficiency of \$11,127 for tax years 2015 through 2018 (Taxable Years). Petitioner filed a timely appeal and petition for redetermination of the Notice.

The primary issue in this case is whether Petitioner has cancelation of debt income (CODI) or qualifies for the Qualified Principal Residence Indebtedness (QPRI) exclusion for tax year 2015. Petitioner agreed to all other items and tax years.

The Tax Commission does not consider matters not specifically and distinctly protested. We have reviewed the file and hereby issue our decision to uphold the Notice.

For tax year 2015, the Bureau determined Petitioner had \$89,879 in CODI. Petitioner appealed contending he qualified for the QPRI exclusion. The Bureau and the Tax Appeals Unit both requested Petitioner provide additional documentation supporting his claim but never received the requested information.

Under Internal Revenue Code section 61(a)(11), the reduction or cancelation of indebtedness generally results in CODI to the debtor. However, Internal Revenue Code section 108(a)(1) provides exceptions, including a discharge of mortgage indebtedness on the taxpayer's main home.

In this case, the 1099-C in question does not provide a description of the property related to the discharge of indebtedness. Therefore, without additional information, it is unknown if the reduction or cancelation of indebtedness is related to Petitioner's main home or some other property.

The Tax Commission determination of a deficiency is presumed correct and the taxpayer bears the burden of proving it incorrect. *Parker v. Idaho State Tax Comm'n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010). In this case, the Tax Commission requires Petitioner to provide documentation showing that he qualifies for the QPRI exclusion. Petitioner has not provided the requested information showing that he qualifies for the QPRI exclusion. Therefore, the Tax Commission will affirm the Notice.

The Bureau added interest and penalty to the income tax deficiency. The Tax Commission reviewed those additions, found both to be appropriate per Idaho Code sections 63-3045 and 63-3046, and has updated interest accordingly. Interest is calculated through November 2, 2022, and will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid.

THEREFORE, the Notice of Deficiency Determination dated July, 28, 2021, is hereby APPROVED, in accordance with the provisions of this decision, and is AFFIRMED 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>
2015	\$6,971	\$1,743	\$1,629	\$10,343
2016	184	46	36	266
2017	188	47	31	266
2018	352	88	43	483
				<u>\$11,358</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 _____ 2022.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2022,
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.
