

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-567-056-896
██████████)	
██████████)	
██████████)	
██████████)	
Petitioners.)	DECISION
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██████████ (Petitioners) protested the Notice of Deficiency Determination (Notice) dated September 29, 2023. Petitioners disagreed with the Tax Discovery Bureau’s (Bureau) determination of their Idaho taxable income for tax years 2017 through 2021. Petitioners stated they were working with an accountant to complete returns to show that they do not owe any tax. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the Notice for the reasons stated below.

BACKGROUND

During a review of Petitioners’ filing history with the Tax Commission, the Bureau found Petitioners stopped filing Idaho income tax returns after filing their 2016 individual income tax return. The Bureau sent Petitioners a letter asking about their requirement to file Idaho income tax returns for the tax years 2017 through 2021. Petitioners did not respond. The Bureau determined Petitioners were required to file Idaho income tax returns. Therefore, the Bureau prepared returns for Petitioners using W-2 and 1099 information, and estimated Schedule C income and sent them a Notice.

Petitioners protested the Notice, not disputing their requirement to file income tax returns but rather arguing that they have business expenses not included in the Notice. The Bureau acknowledged Petitioners’ protest and allowed them time to file the missing returns. When

Petitioners did not provide the missing returns, the Bureau referred the matter to the Tax Commission's Appeals Unit (Appeals).

Appeals reviewed the matter and sent Petitioners a letter that discussed the methods available for redetermining a Notice. Petitioners did not respond. Seeing that Petitioners had more than adequate time to complete and submit their returns, the Tax Commission decided the matter based on the information available.

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 Petitioners' income exceeded the threshold for each of the years. Petitioners are required to file Idaho income tax returns; they did not deny that they are required to file. Petitioners wanted to file their own returns believing their taxable income would be less than what the Bureau determined.

Petitioners did not provide income tax returns for tax years 2017 through 2021. They stated they had business expenses and deductions for the years mentioned. However, Petitioners have not provided any information or documentation concerning those expenses or deductions. Deductions are a matter of legislative grace, and the taxpayer bears the burden of proving that he is entitled to the deductions claimed. *New Colonial Ice Co. Inc. v. Helvering*, 292 U.S. 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). A taxpayer's general statement that he has deductions attributable to a particular tax year is not sufficient to establish the deduction or that the deduction is allowable. *Near v. Commissioner of Internal Revenue*, T.C. Memo. 2020-10 (2020).

Petitioners have not shown the returns the Bureau prepared for the tax years 2017 through 2021 are incorrect. Petitioners have not met their burden. The Tax Commission reviewed the returns the Bureau prepared and found them to be a reasonable representation of Petitioners' Idaho taxable income. Therefore, the Tax Commission upholds the Bureau's determination of Petitioner's taxable income for those years.

CONCLUSION

Petitioners received income in 2017 through 2021 which was over the threshold for filing Idaho individual income tax returns. Petitioners were required to file Idaho income tax returns for tax years 2017 through 2021, but they did not provide them. Therefore, the Tax Commission upholds the Notice as it pertains to those tax years.

The Bureau added interest and penalty to Petitioners' 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 dated September 29, 2023, and directed to [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest calculated per Idaho Code section 63-3045:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$487	\$122	\$111	\$720
2018	564	141	106	811
2019	404	101	54	559
2020	363	91	37	491
2021	1,300	325	107	<u>1,732</u>
			TOTAL	\$4,313

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

An explanation of Petitioners' 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.
