



and 2018. The Bureau reviewed the returns, accepted them, and sent them for processing. These returns better reflect Petitioner's Idaho taxable income and therefore will not be discussed in this decision. The Bureau then gave Petitioner an additional 60 days to provide the returns for tax years 2019 and 2020. Petitioner did not provide the returns in that timeframe, so the Bureau transferred the case to the Tax Commission's Appeals Unit (Appeals).

Appeals sent Petitioner a letter explaining the appeals process and their right to a hearing. Petitioner did not request a hearing, but responded to the letter stating the returns will be uploaded soon. Petitioner has yet to provide the missing 2019 and 2020 returns. Petitioner has had more than adequate time to submit their returns but has not done so. Therefore, the Tax Commission decided this matter based on the information currently available.

#### **LAW AND ANALYSIS**

Idaho Code section 63-3030(4) states a tax return is required by: "Every corporation reporting as an S-corporation pursuant to Internal Revenue Code sections 1361 through 1379 to the federal government, which is transacting business in this state, or is authorized to transact business in this state." According to information available to the Tax Commission, Petitioner was an operating business which was required to file tax returns. When no returns were filed, the Bureau prepared tax returns for Petitioner with estimated Idaho taxable income.

The Tax Commission realizes that Petitioner may have had different business income and expenses than those shown on the Notice. However, deductions are a matter of legislative grace, and the taxpayer bears the burden of proving he is entitled to the deductions claimed. *New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S.Ct. 788 (1934). Petitioner has failed to provide any substantial evidence or provide actual returns to prove the Notice is incorrect. Petitioner is an S-Corporation, meaning the income flows through to its shareholders and the tax is paid on the

individual level. The tax shown on the Notice reflects the minimum tax of \$20 as required by Idaho Code section 63-3025.

### CONCLUSION

Petitioner was an operating business and received income in the taxable years 2016 through 2020 that exceeded the threshold for filing Idaho income tax returns. When no returns were filed, the Bureau prepared returns for them with information available to the Tax Commission. Petitioner requested time to file actual returns but failed to provide said returns after multiple extensions were granted. The Tax Commission reviewed the Notice and found it to be a reasonable representation of Petitioner's Idaho taxable income for tax years 2019 and 2020.

The Bureau added interest and penalty to Petitioner's 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.

THEREFORE, the Notice of Deficiency Determination dated July 21, 2022, is hereby APPROVED as MODIFIED by this decision 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>
2019	\$20	\$10	\$3	\$33
2020	20	10	2	<u>32</u>
			<b>TOTAL</b>	<b>\$65</b>

Interest is calculated through March 14, 2024.

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.

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