

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
██████ ████ ██████████)	DOCKET NO. 1-633-641-472
)	
Petitioner.)	DECISION
_____)	

██████ ████ ██████████ (Petitioner) protested the Notice of Refund Determination (Notice) issued by the Revenue Operations Division (RO) for tax year 2023 on April 23, 2024. This protest automatically applied to a modified Notice issued by RO on May 31, 2024. The Tax Commission reviewed the matter and hereby issues its final decision to uphold the modified Notice.

Background

Petitioner filed an Idaho individual income tax return for tax year 2023, claiming \$956 of Idaho withholding. He did not provide copies of his federal return, nor did he send copies of any W-2s or 1099s showing Idaho income tax withheld during 2023. RO sent a letter on March 14, 2024, asking Petitioner to send readable copies of all W-2s and 1099s in order to verify the amount of income and income tax withholding claimed on the Idaho return.

Petitioner did not provide the requested information in the timeframe set forth in the letter, so RO created the original Notice on April 18, 2024, denying all Idaho income tax withholding Petitioner claimed. On April 19, 2024, Petitioner mailed a letter responding to RO’s March 14 request for information. In his letter, Petitioner stated that his filings were accurate to the best of his knowledge and that he did not believe he carried the burden of proof to show anything other than his tax return. He wrote, “Please furnish to me any and all information you believe you may have which shows you owe me LESS or MORE than the amount requested after I filed my returns.”

Having already been prepared prior to Petitioner's letter being mailed, the Notice was mailed on April 23, 2024. On May 22, 2024, Petitioner mailed a letter responding to the Notice, stating:

Here is the problem: NO ONE knows how you come up with your calculation. You are not being transparent. Let me be very clear! YOU will never receive money from me until such time YOU explain and prove why you have merit in your claim.

Otherwise, I will be filing a lawsuit and we can remedy this matter in court. PROVE UP please.

On May 31, 2024, RO issued the modified Notice, in which \$566 of Idaho withholding was allowed instead of \$0. The modified Notice gave Petitioner ways to provide additional information if he disagreed with the updates or to withdraw his protest if he agreed with them. RO requested a response by June 30, 2024. After receiving no response to the modified Notice, RO sent a letter on July 3, 2024, informing Petitioner that the case was being transferred to the Tax Commission's Appeals unit (Appeals).

On July 12, 2024, Appeals sent Petitioner a letter summarizing the events to date, explaining the calculations shown in the modified Notice, providing information showing that Petitioner bears the burden of proof in this case, and outlining the available options for redetermining a protested Notice. Along with this letter, Appeals provided copies of records showing the amount of Idaho income tax withholding for 2023 that was reported to the Tax Commission by his employers. Petitioner did not respond to this letter, so the Tax Commission must decide based on the information currently available.

Law & Analysis

Petitioner claimed Idaho withholding on his Idaho income tax return but did not provide copies of any documents to substantiate the amount he claimed.¹ RO requested documents supporting the amount claimed, which Petitioner failed to provide. In fact, he indicates in his responses that he believes he does not bear the burden of proving the amounts withheld.

Idaho Code section 63-3042 gives the Tax Commission authority “to examine any books, papers, records, or other data which may be relevant or material to” an inquiry the purpose of which is to ascertain the correctness of a return. Tax Commission Administration and Enforcement Rule 200 states that a taxpayer must keep all records that are necessary to determine his correct tax liability and make such records available on request by the Tax Commission or authorized representatives.

In Idaho, it is well established that a Tax Commission Notice is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous. *See Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2 (Ct. App. 1986) (citing *Albertson’s Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814 (1984)).

Payroll records provided by Petitioner’s Idaho employers show a total of \$566 of Idaho withholding, which is the amount RO allowed in its modified Notice issued May 31, 2024. The Tax Commission requires Petitioner to provide adequate evidence to establish that the amount asserted in the modified Notice is incorrect. Staff from the Tax Commission requested copies of documents showing the amount of Idaho income tax withheld on Petitioner’s behalf during 2023.

¹ The instruction booklet for Idaho Form 40, line 46 (Idaho income tax withholding) states: “Include legible state copies of Form W-2s, 1099s, and other information that show Idaho withholding.”

Petitioner failed to produce the requested records and therefore has not met his burden to show that the modified Notice is incorrect.

Idaho Code section 63-3045(7)(a) states:

Interest shall apply to deficiencies in tax and refunds of tax. Interest shall not apply to any penalty or to unpaid accrued interest. Interest relating to deficiencies or refunds accruing after the original due date of the return, but not including extensions of the due date, shall be computed on the net of any underpayments and overpayments of a tax liability required to be shown as due on the same return.

The Tax Commission hereby adds interest to the unpaid tax due as shown in the following section.

Conclusion

Petitioner claimed Idaho withholding on his 2023 Idaho income tax return but has not provided evidence to show the amount claimed is accurate. The Tax Commission allows Idaho withholding according to the information provided by Petitioner's employers.

THEREFORE, the modified Notice dated May 31, 2024, and directed to [REDACTED] [REDACTED] [REDACTED] is hereby UPHeld and MADE FINAL.

IT IS ORDERED that Petitioner pays the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$83	\$3	\$86

The Tax Commission DEMANDS immediate payment of this amount. Interest is calculated in accordance with Idaho Code section 63-3045.

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.
