

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 1-683-093-504
,	)	
	)	
Petitioners.	)	DECISION
	)	

(Petitioners) protested the Notice of Deficiency Determination (Notice) dated November 22, 2021. Petitioners disagreed with the Tax Discovery Bureau’s (Bureau) determination of their Idaho taxable income for tax years 2017 through 2019. Petitioners stated they had itemized deductions and additional exemptions the Bureau did not include in determining their Idaho taxable income. The Tax Commission reviewed the matter and upholds the Notice for the reasons stated below.

**Background**

Petitioners were, at all times relevant to this matter, residents of Idaho. However, they failed to file Idaho income tax returns for each of the years here at issue. The Bureau sent Petitioners a “Forgot to File” letter notifying them their Idaho returns for tax years 2017 through 2019 were not in Tax Commission records. Petitioners did not respond. Therefore, the Bureau obtained income information from third-party sources and prepared income tax returns for Petitioners, issuing them a Notice.

Petitioners protested the Notice. They did not dispute their requirement to file Idaho returns for the years shown in the Notice, but instead requested additional time to prepare their federal returns which would include allowances and deductions that will, “legally transfer to our Idaho tax returns for the periods indicated.”

The Bureau acknowledged Petitioners' protest and allowed them additional time to submit the missing returns. The Bureau allowed two subsequent extensions, but Petitioners did not provide returns and 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 responded, again stating they intended to file actual returns and would do so if granted more time. Appeals agreed, allowing Petitioners another three weeks to submit returns.

A month later, Petitioners still had not submitted the missing returns. Appeals contacted Petitioners for an update on the returns. Petitioners stated their computer crashed and they were waiting for tech support to restore their data. Appeals agreed to another extension of time.

Six weeks later, after another extension of time for a death in the family and another for personal medical issues, Petitioners still had not filed the returns. Petitioners have had more than ample time to prepare and file the missing returns. Therefore, the Tax Commission decides this matter based upon the information available.

### **Law and Analysis**

Idaho Code section 63-3030 provides the income thresholds for filing Idaho individual income tax returns. The information gathered by the Bureau clearly shows Petitioners received income during the years in question that exceeded the threshold amount for filing Idaho income tax returns.

Petitioners do not deny they are required to file Idaho income tax returns for tax years 2017 through 2019. Instead, Petitioners argue the Bureau's calculation of their Idaho income tax due is incorrect as they have deductions and credits that were not included in the Notice. However, credits and deductions are a matter of legislative grace. *New Colonial Ice Co., Inc. v. Helvering*, 292 US.

435, 440, 54 S.Ct. 788 (1934). The burden rests upon the taxpayers to claim their credits and claim their proper deductions. *United States v. Ballard*, 535 F.2d 400, 404 (1976).

If a taxpayer is unable to provide adequate proof of any material fact upon which a deduction depends, no deduction is allowed, and the taxpayer must bear its misfortune. *Burnet v. Houston*, 283 US. 223, 51 S.Ct. 413 (1931). Here, Petitioners have provided no documentation to show their entitlement to any additional deductions or credits not shown in the Notice, they have not met their burden.

### CONCLUSION

Petitioners received income in the taxable years 2017 through 2019 that exceeded the threshold for filing Idaho income tax returns. Petitioners were required to file Idaho income tax returns. Petitioners did not show that the returns the Bureau prepared for them were incorrect. The Tax Commission reviewed those returns and found them reasonable based on the information available. Therefore, the Tax Commission upholds the Notice.

The Bureau added interest and penalty to Petitioners' Idaho tax. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046. Interest is computed to December 30, 2022.

THEREFORE, the Notice dated November 22, 2021, directed to  
is APPROVED and MADE FINAL.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$4,213	\$ 1,053	\$710	\$ 5,976
2018	4,348	1,087	546	5,981
2019	4,869	1,217	382	<u>6,468</u>
			TOTAL DUE	\$18,425

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 \_\_\_\_\_ 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.

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