



3. Multiplying estimated income for years 2014 through 2016 by the average percentage calculated in part 2.

The estimated taxable income was then passed through to the one 100% shareholder. The minimum tax of \$20 was also added for each year required by Idaho Code section 63-3025, plus interest and penalty. Petitioner protested and hired a representative to handle the case further.

Petitioner did not protest its requirement to file but requested additional time to provide actual returns. The business data was lost in a computer crash, and the representative would need to recreate the records through bank statements. The Bureau granted the extension request and continued communication with Petitioner's representative. Petitioner did not provide actual returns by the agreed upon date, so the matter was transferred to the Tax Commission's Appeals Unit (Appeals) for administrative review. Petitioner did not request an informal hearing during the administrative review process and has yet to file the Idaho S-Corporation returns for tax years 2014 through 2016.

### **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 filed tax returns for Petitioner with estimated income and expenses.

Petitioner argues the business incurred more expenses than were estimated in the Notice. 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.

### CONCLUSION

Petitioner was an operating business and received income in the taxable years 2014 through 2016 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 returns and found them to be a reasonable representation of Petitioner's Idaho taxable income.

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 dated May 27, 2021, and directed to \_\_\_\_\_ is hereby APPROVED and MADE FINAL.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$20	\$10	\$6	\$36
2015	20	10	5	35
2016	20	10	4	34
			TOTAL DUE	\$105

Interest is calculated through December 22, 2022.

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.

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