

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

In the Matter of the Protest of )  
 )  
 , ) DOCKET NO. 1-851-335-680  
 )  
 Petitioners. ) DECISION  
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(Petitioners) protested the Notice of Deficiency Determination (Notice) dated March 17, 2023. Petitioners disagree with the 2017 Idaho individual income tax return the Tax Discovery Bureau (Bureau) prepared for them. Specifically, Petitioners argue that the federal adjusted gross income (AGI) used to determine their Idaho taxable income is incorrect due to an error on their federal return. The Idaho State Tax Commission (Tax Commission) reviewed the matter and upholds the Notice.

**BACKGROUND**

The Bureau reviewed the Tax Commission’s records and found that Petitioners submitted a federal return for tax year 2017, which they later amended, but they did not file an Idaho individual income tax return. The Bureau sent Petitioners a letter asking about their requirement to file an Idaho income tax return. Petitioners did not respond. Therefore, the Bureau prepared a return for Petitioners based on federal income tax information and sent them a Notice.

Petitioners protested the Notice stating there is an error on their federal return regarding Schedule C. Petitioners stated they received a loan and accidentally included it as income on Line 1 for gross receipts. The Bureau acknowledged Petitioners’ protest and explained that their federal amended AGI was used in the Notice, not the AGI on their original return.

Petitioners also requested payment of their current and past due grocery credits. The Bureau explained that to claim the grocery credit a return must be filed<sup>1</sup>. The Bureau allowed additional time for Petitioners to submit their 2017 return. The Bureau referred the matter to the Tax Commission's Appeals Unit (Appeals), when Petitioners did not provide their return.

Appeals reviewed the matter and sent Petitioners a letter stating the methods available for redetermining the Notice. Petitioners did not respond. Petitioners had ample opportunity to file their 2017 individual income tax return and/or provide additional information. Therefore, the Tax Commission will decide the matter based on the information available.

### **LAW AND ANALYSIS**

Idaho Code section 63-3030(a)(1) requires each individual who is a resident of Idaho to file an Idaho income tax return if required to file a federal return. Internal Revenue Code section 6012 states that the requirement to file a federal return is based on gross income. The information the Bureau gathered clearly shows Petitioners' income exceeds the filing threshold for 2017. Petitioners were required to file an Idaho income tax return.

Idaho Code section 63-3002 states that Idaho taxable income is to be identical to federal taxable income, subject to certain modifications contained in the Idaho law. Petitioners provided a federal return with their protest showing an AGI of \$53,838. The Bureau verified information with the Internal Revenue Service (IRS), and used the federal amended AGI of \$37,127, thus matching federal taxable income.

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<sup>1</sup> Petitioners have not filed their 2015, 2017 and 2022 returns.

In Petitioners' protest, they request that the Tax Commission send them their current and any past due grocery credits. Idaho Code section 63-3024A, **Food tax credits and refunds**, (11) states that:

An application for any refund that is due and payable under the provisions of this section must be filed with the state tax commission within three (3) years of:

- a. The due date, including extensions, of the return required under section 63-3030, Idaho Code, if the applicant is required to file a return; or
- b. The fifteenth day of April of the year following the year to which the application relates if the applicant is not required to file a return.

Since Petitioners have not filed an Idaho return for 2017, or the other years mentioned above, no application for refund has been made and therefore no credit may be given.

In Idaho, it is well established that the Tax Commission's Notice of Deficiency is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous. *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); *Albertson's, Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). Petitioners did not meet this burden. They have not set forth any substantive argument or documentation to show that the Notice prepared by the Tax Commission is incorrect. Therefore, the Tax Commission finds that the amounts shown on the Notice are correct.

### **CONCLUSION**

Petitioners did not file an income tax return for tax year 2017. Petitioners disagreed with the return the Bureau prepared, claiming they usually receive a refund. The Tax Commission reviewed the return the Bureau prepared for tax year 2017 and found it to be a good representation of Petitioners' Idaho tax liability. The Tax Commission upholds the Bureau's Notice.

The Bureau added interest and penalty to Petitioners' Idaho tax liability. The Tax Commission reviewed those additions and found them in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

THEREFORE, the Notice dated March 17, 2023, and directed to  
is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest computed to  
May 15, 2024:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$543	\$136	\$131	\$810

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.

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