

In the Matter of the Protest of

Petitioner.

DECISION

Bureau modified the Notice and sent it to Petitioner. He did not respond to the modified Notice, so the Bureau acknowledged his original protest and transferred the case to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent Petitioner a letter discussing alternatives for redetermining a protested Notice. Petitioner did not respond. Appeals then sent an email stating the modified Notice addressed his arguments protested and asked if he would like to withdraw his protest. Again, there was no response. Therefore, the Tax Commission will decide the matter based on the information available.

LAW AND ANALYSIS

Internal Revenue Code (IRC) section 162 provides for the deduction of all the ordinary and necessary expenses paid or incurred in carrying out a trade or business. Idaho Code section 63-3042 allows the Tax Commission to examine a taxpayer's books and records to determine the correctness of an Idaho income tax return. Tax Commission Administration and Enforcement Rule IDAPA 35.02.01.200 provides that, "A taxpayer shall maintain all records that are necessary to a determination of the correct tax liability." Based on the information provided the Bureau allowed most of the expenses that were previously disallowed.

Deductions are a matter of legislative grace, and the taxpayer bears the burden of proving that he is entitled to the deductions claimed. *New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S. Ct. 788 (1934). Taxpayers are required to maintain records that are sufficient to enable the determination of their correct tax liability. See IRC section 6001; Treasury Regulation section 1.6001 - 1(a). The burden rests upon the taxpayer to disclose his receipts and claim his 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

that taxpayer must bear his misfortune. *Burnet v. Houston*, 283 U.S. 223, 51 S. Ct. 413 (1931). Here, Petitioner provided documentation to show his entitlement to some, but not all of the deductions or credits shown in the Notice, he has not met his burden.

CONCLUSION

The Bureau sent Petitioner a Notice for tax years 2020 and 2021. Petitioner provided additional information, and a modified Notice was issued. The Tax Commission has reviewed the information available and finds the modified Notice more accurately represents 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, respectively.

THEREFORE, the modified Notice dated October 25, 2024, and directed to [REDACTED] is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest calculated per Idaho Code Section 63-3045:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$416	\$21	\$69	\$506

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 _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2025,
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.


