

In the Matter of the Protest of

Petitioners.

DECISION - 1
 [REDACTED]/[REDACTED]/1-889-547-264

Appeals sent a letter requesting an estimated timeline for filing the missing returns and provided the options available for redetermining a protested Notice. Petitioners did not respond, so the Tax Commission must render a decision based on the information currently available.

Law & 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, which includes self-employment income **before** considering deductible business expenses. The information the Bureau used to calculate Petitioners' Idaho taxable income shows that Petitioners received enough gross income that they were required to file federal income tax returns for 2021 through 2023.

Petitioners did not express disagreement with the Bureau's conclusion that they were required to file Idaho returns for the years in question, nor did they argue that the estimated income and expenses were incorrect. They simply indicated that they intended to file the requested returns.

The Tax Commission realizes that Petitioners may have had different business income and expenses than those shown on the Notice. However, deductions are a matter of legislative grace, and the taxpayer bears the burden of showing that each deduction is allowable by statute. *New Colonial Ice Co. v. Helvering*, 292 US. 435, 54 S.Ct. 788 (1934); *Higgins v. C.I.R.*, T.C. Memo. 1984-330, (1984). The burden rests upon the taxpayer to disclose its receipts and claim its proper deductions. *United States v. Ballard*, 535 F.2d 400 (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).

A Notice issued by the Idaho State Tax Commission is presumed to be correct, and the burden is on the taxpayer to show that the Tax Commission's determination is erroneous. *Dunn v.*

Idaho State Tax Comm’n, 162 Idaho 673, 675 (2017) (quoting *Parker v. Idaho State Tax Comm’n*, 148 Idaho 842, 845 (2010)). Absent competent evidence establishing error in the Notice of Deficiency Determination, the Tax Commission will uphold the deficiency determination.

The Tax Commission requires Petitioners to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Petitioners have failed to file actual returns or provide any substantive argument or documentation to show the individual income tax returns prepared by the Bureau for tax years 2021, 2022, and 2023 are incorrect. The Tax Commission finds the returns prepared by the Bureau to be a reasonable representation of Petitioners’ Idaho taxable income and related tax due.

Petitioners sent estimated payments of \$500 for tax years 2021 and 2022 and a payment of \$250 for tax year 2023. The Bureau properly gave credit for these payments in the Notice.

The Bureau added interest and penalty to Petitioners’ tax deficiency. The Tax Commission reviewed those additions and finds them to be appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

Conclusion

Petitioners were required to file Idaho income tax returns for 2021, 2022, and 2023. They have not filed these returns or provided any information to show that the Notice is incorrect.

THEREFORE, the Notice dated October 3, 2025, and directed to [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] is hereby UPHELD 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>
2021	\$1,608	\$402	\$378	\$2,388
2022	1,217	304	242	1,763
2023	1,402	351	205	<u>1,958</u>
				<u>\$6,109</u>

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

An explanation of Petitioners' right to appeal this decision is enclosed.

DATED this _____ day of _____ 2026.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2026,
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.
