

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
) DOCKET NO. 1-995-187-200
)
)
)
) Petitioner.) DECISION
)
_____)

(Petitioner) protested the Notice of Deficiency Determination (Notice) dated February 10, 2023. Petitioner disagreed with the Tax Discovery Bureau’s (Bureau) determination of his Idaho taxable income for tax years 2017 through 2021. Petitioner stated he would file returns shortly reporting his actual Idaho taxable income. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby modifies the Notice for the reasons stated below.

BACKGROUND

In a review of the Tax Commission’s records, the Bureau found that Petitioner did not file his Idaho individual income tax returns for tax years 2017 through 2021. The Bureau sent Petitioner a letter asking about his requirement to file Idaho income tax returns. Petitioner did not respond.

The Bureau obtained information from the Idaho Secretary of State that showed Petitioner was the registered agent and manager for [redacted] Based on this information and income information in Tax Commission records, the Bureau determined that Petitioner was required to file Idaho income tax returns for all five years. The Bureau prepared returns for Petitioner and sent him a Notice for tax years 2017 through 2021. The Bureau estimated Petitioner’s income based on 1099-Ks received by [redacted] for tax years

2017 through 2021. The Bureau estimated Petitioner's expenses to be 50% of the estimated income for each year.

Petitioner protested the Notice's total amounts for all tax years and stated he's in the process of having his 2019 through 2021 returns prepared. Petitioner provided his 2017 and 2018 returns with his protest letter. These returns better represent Petitioner's taxable income than those prepared by the Bureau; therefore, the Tax Commission cancels the Notice for tax years 2017 and 2018. These years will not be mentioned further in this decision. The Bureau acknowledged Petitioner's protest and gave additional time to file his returns. When the Bureau was unable to secure Petitioner's 2019 through 2021 returns the matter was forwarded 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 contacted Appeals and provided a Power of Attorney (POA) form, naming his sister as representative. Petitioner did not request a hearing but informed Appeals that his preparer was in the process of completing his returns and the 2019 return would be delivered soon.

The Tax Commission has yet to receive the missing returns. Petitioner has had more than an adequate amount of time in which to file his 2019 through 2021 returns. Therefore, the Tax Commission now issues a decision regarding these years, based on the current information available.

LAW AND ANALYSIS

Idaho Code section 63-3030 provides the income thresholds for filing Idaho income tax returns. The information the Bureau gathered showed Petitioner's income exceeded the threshold

for 2019 through 2021. Therefore, Petitioner is required to file Idaho individual income tax returns for these years.

Petitioner did not deny that he is required to file Idaho individual income tax returns for 2019 through 2021. Petitioner wanted to file his own returns claiming all of his appropriate deductions. Deductions are a matter of legislative grace. *New Colonial Ice Co., Inc. v. Helvering*, 292 US. 435, 440, 54 S.Ct. 788 (1934). Taxpayers are required to maintain records to enable the determination of their tax liability. See IRC § 6001; Treasury Regulation § 1.6001-1(a). The burden is on the taxpayer to claim their proper deductions. *United States v. Ballard*, 535 F.2d 400, 404 (1976). Petitioner has provided no documentation to show his entitlement to any additional deduction or credits; he has not met his burden.

In Idaho, it is well established that the Tax Commission's Notice 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). Petitioner did not show that either the income or the expenses the Bureau determined were incorrect. The Tax Commission reviewed the returns the Bureau prepared for Petitioner and found they are a reasonable representation of his income.

CONCLUSION

Petitioner received income in the tax years 2019 through 2021 that exceeded the threshold for filing Idaho income tax returns. Petitioner was required to file Idaho income tax returns for those years. Petitioner disagreed with the Notice the Bureau prepared but failed to provide anything contrary. Therefore, the Tax Commission upholds the Notice for tax years 2019-2021.

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 Tax Commission AFFIRMS as MODIFIED by this decision the Notice dated February 10, 2023, directed to

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$8,489	\$2,122	\$1,181	\$11,792
2020	\$8,586	\$2,147	\$943	\$11,676
2021	\$9,925	\$2,481	\$880	<u>\$13,286</u>
			TOTAL DUE	\$36,754

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 _____ 2023.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2023,
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.
