BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of [redacted] Petitioners.	DOCKET NO. 2-126-959-616 DECISION

The Tax Discovery Bureau (Bureau) sent [redacted] (Petitioners) a Notice of Deficiency Determination (Notice) for tax years 2020 through 2023. Petitioners protested, disagreeing with the income estimates the Bureau used to prepare the returns and the lack of child tax credits. The Bureau then sent Petitioners a modified Notice to allow for the child tax credits but did not adjust the estimated income. The Tax Commission has reviewed the matter and hereby upholds the modified Notice.

BACKGROUND

During a review of taxpayer information, the Bureau could not locate Petitioners' individual Idaho tax returns for 2020 through 2023. The Bureau determined that Petitioners met the requirements to file Idaho returns for the years in question. The Bureau contacted Petitioners inquiring about the missing returns. Petitioners responded, understanding their filing requirement and stating their desire to file the missing returns. The Bureau and Petitioners agreed upon a due date to file the missing returns, but Petitioners failed to meet the deadline. The Bureau then prepared the returns for them and issued a Notice.

The Bureau prepared the returns using available 1099s and estimated Idaho K-1s. During the review period, the Bureau determined Petitioners were pass-through owners of three businesses: [redacted] ([redacted]-[redacted] ([redacted]

[redacted] ([redacted] The Bureau asserted that [redacted] and [redacted] are both 50% shareholders of each company.

[redacted]

[redacted] registered as an LLC with the Idaho Secretary of State on [redacted] 2020, and administratively dissolved on [redacted] 2024. [redacted] did not file business returns for the years in question, so the Bureau prepared the returns for them. The Bureau estimated [redacted] 2020 gross business income by using their filed 2020 Idaho sales tax return. For tax years 2021 through 2023, the Bureau estimated their business income by multiplying the wages reported on their withholding returns by a factor of three. The Bureau also used generally accepted practices to estimate business income, allowing for a 25% deduction for expenses.

[redacted]

[redacted] is an active Idaho Partnership registered with the Idaho Secretary of State on [redacted] 2020, and is currently in good standing. [redacted] did not file business returns for the years in question, so the Bureau prepared the returns for tax years 2021 through 2023. For tax years 2021 and 2022, the Bureau used 1099-NEC forms issued to [redacted] to estimate business income. For 2023, the Bureau copied amounts reported from tax year 2022. The Bureau did not estimate business expenses due to insufficient information.

[redacted]

[redacted] is an Idaho Partnership registered with the Idaho Secretary of State on [redacted] 2018, and is currently in good standing. [redacted] did not file business returns for tax year 2023, so the Bureau prepared the return for them. For tax year 2023, the Bureau estimated [redacted] business income by multiplying the wages reported on their withholding return by a factor of three. The Bureau did not estimate business expenses due to insufficient information.

Petitioners responded to the Notice requesting additional time to file actual returns. They also inquired about their dependents not being included in the Notice. The Bureau acknowledged their protest and requested either they file actual returns or provide additional information about their dependents. Petitioners then provided Social Security numbers and dates of birth of their dependents. The information was verified by the Bureau, and a modified Notice was sent to allow for two dependents and child tax credits. No actual returns were filed after the issuance of the modified Notice. After some time, the Bureau transferred the case to the Tax Commission's Appeals Unit (Appeals) for administrative review. Appeals attempted to contact Petitioners on March 6, 2026, but they did not respond. The Tax Commission must make its decision on the information currently 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 gathered by the Bureau and used to calculate Petitioners' Idaho taxable income clearly shows that Petitioners received gross income above the threshold amounts for filing returns. Petitioners did not express disagreement with the Bureau's conclusion that they were required to file Idaho returns for the years in question but rather argued that the estimated income and expenses were incorrect.

In Idaho, it is well established that a Tax Commission Notice is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous. See *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2 (Ct. App. 1986) (citing *Albertson's Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814 (1984)). The Tax Commission requires Petitioners to provide adequate evidence to establish that the amounts asserted in the modified Notice for tax years 2020 through 2023 are incorrect. Petitioners have failed to do so. They have not filed actual returns or provided any substantive argument or documentation to show the individual income tax returns prepared by the Bureau for tax years 2020 through 2023 are incorrect. Therefore, the Tax Commission finds the returns prepared by the Bureau to be a reasonable representation of Petitioners' Idaho taxable income and related tax due.

CONCLUSION

Based on the available information, Petitioners received income exceeding the gross income threshold for filing Idaho income tax returns for tax years 2020 through 2023. After multiple requests and extensions of time, Petitioners have yet to file the returns. Petitioners have not provided any evidence or compelling argument that the returns prepared by the Bureau 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 for the years in question.

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.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest:

YEAR	TAX	PENALTY	INTEREST	TOTAL
2020	$1,059	$265	$265	$1,589
2021	6,887	1,722	1,579	10,188
2022	11,425	2,856	2,211	16,492
2023	16,737	4,184	2,336	22,847
			TOTAL:	$51,116

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:

[redacted]

Receipt No.

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