

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-561-887-232
,	)	
	)	
Petitioner.	)	DECISION
_____	)	

This case is regarding the protest of a Notice of Deficiency Determination (Notice) issued to \_\_\_\_\_ (Petitioner) for taxable years 2015, 2016, and 2018. The Idaho State Tax Commission (Commission), after a thorough review of the matter, upholds the Notice issued to Petitioner as modified.

THEREFORE, the Notice dated September 8, 2021, modified January 5, 2022, directed to Petitioner is AFFIRMED.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 779	\$195	\$180	\$1,154
2016	2,018	505	392	2,915
2018	416	104	49	569
				<u>\$4,638</u>

Interest is computed through October 6, 2022.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

The Commission upholds the Notice for the reasons discussed below.

**BACKGROUND**

During a review of taxpayer data, the Tax Discovery Bureau (Bureau) found Petitioner did not file his Form 40, Idaho Individual Income Tax Returns for taxable years 2015 through 2019. The Bureau, using Commission and third-party information, as well as estimated Schedule C business income, determined Petitioner had a filing requirement per Idaho Code for the years in

question. The Bureau sent Petitioner a nonfiler letter, but he did not respond. The Bureau then used the information mentioned above to prepare returns and issued a Notice to Petitioner. Petitioner protested the Notice disputing the taxable income used to estimate the tax liability. Subsequently, Petitioner provided additional information regarding the dates he operated his business. The Bureau accepted both Petitioner's protest and his additional information. The Bureau modified Petitioner's Notice by removing tax years 2017 and 2019. In addition, the Bureau lowered the tax liability for tax year 2018. The Bureau notified Petitioner of the Notice modification and transferred the matter for administrative review.

The Commission reviewed the matter and sent Petitioner a letter with two methods for redetermining a protested Notice, but Petitioner did not respond. The Commission decided the matter based upon the information available with no communications from Petitioner.

### **LAW AND ANALYSIS**

Internal Revenue Code (I.R.C.) section 6012 states in part that every individual having gross income that equals or exceeds the exemption amount in a taxable year shall file an income tax return.

Idaho Code section 63-3030 states in part that every resident individual required to file a federal return under section 6012(a)(1) of the Internal Revenue Code is required to file an Idaho income tax return.

Idaho Code section 63-3068(d) states that in the case of a failure to file a return, for any reason, a notice of deficiency may be issued, the tax imposed in this chapter may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time.

Idaho Code section 63-3002 states in part that it is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the

provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the internal revenue service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law.

Idaho Code provides the income thresholds for filing Idaho individual income tax returns and states that every resident individual that is required to file a federal return is required to file an Idaho return. In addition, Idaho Code permits the issuance of a Notice when a required Idaho return is not filed. The information gathered by the Bureau clearly shows Petitioner received income in taxable years 2015, 2016, and 2018 that exceeded the threshold amounts for filing Idaho returns.

Idaho Code requires that federal taxable income reported to the state of Idaho match the federal taxable income reported to the Internal Revenue Service. It is the intent of the Idaho Legislature to follow the federal determination of income subject only to modifications contained in Idaho law. I.R.C. section 61 defines gross income as all income from whatever source derived.

Lastly, Petitioner must file an actual Idaho income tax return to claim the grocery credit.

### **CONCLUSION**

On appeal, a deficiency determination issued by the Commission “is presumed to be correct, and the burden is on the taxpayer to show that the Commission’s decision is erroneous.” *See Parker v. Idaho State Tax Comm'n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010) (citing *Albertson’s Inc. v. State Dep’t of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). The Commission requires Petitioner to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Here, Petitioner did not provide adequate evidence that the Notice is incorrect.

Petitioner is required to file Idaho individual income tax returns for the years in question. The Idaho individual income tax returns prepared for Petitioner by the Bureau included all known income and allowable deductions.

The Bureau added penalty and interest to Petitioner's income tax liability. The Commission reviewed those additions and found them appropriate and in accordance with Idaho Code.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

IDAHO STATE TAX COMMISSION

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2022,  
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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