STATE OF IDAHO

TAX UPDATE

VOLUME SEVENTEEN - NUMBER TWO DECEMBER 2005

This issue of *Tax Update* deals with various topics. If you have questions about this material or if you need more information, contact the Idaho State Tax Commission.

CHANGING YOUR BUSINESS PERMIT OR ACCOUNT

The Idaho State Tax Commission receives a lot of calls from business owners asking how to change the information listed on their business permit and other accounts. If you need to change your business name or address or cancel or make other changes to an existing account, here's an update on the best way to do it. To request changes, you must be listed in our database as the contact person for the account.

TO CHANGE YOUR MAILING ADDRESS, DO ONE OF THE FOLLOWING:

- Mark the "Mailing address change" box on your tax return, draw a line through the address on the form, and write in your new one.
- Send us written notice that you want to change your mailing address. Include your name, account name and number, old address, and new address.
- Call us at 334-7660 in the Boise area or toll free at 800-972-7660. You must be the account contact person and be able to verify the account information.

TO CANCEL YOUR ACCOUNT, DO ONE OF THE FOLLOWING:

- Mark the "Cancel account" box on your tax return and send your permit with the return.
- Send us written notice that you want to cancel your account. Include your name, account name and number, and the date you want the account to be cancelled. You must also send your permit.

TO CHANGE THE LEGAL OR "DOING BUSINESS AS" NAME OF YOUR BUSINESS ON YOUR PERMIT AND OTHER ACCOUNTS:

Go to **business.idaho.gov** and make your change online or complete and send us an Idaho Business Registration form. You must also send us the information below based on your business type.

- **Sole proprietors.** The legal business name is the owner's legal name. If you've changed your name, send us an official court document that shows proof of the legal name change or a copy of a government document such as your Social Security card.
- **Those "Doing Business As."** Send us a letter that includes your old business name, new business name, and your account, permit, or license number.
- **Any other kind of business.** Send us an updated copy of the Articles of Amendment showing that the name change was approved by the IRS.

TO CHANGE THE NAMES OF ACCOUNT CONTACTS, PHONE OR FAX NUMBERS, OR MAKE OTHER CHANGES, DO ONE OF THE FOLLOWING:

- Call us at 334-7660 in the Boise area or toll free at 800-972-7660. You must be the account contact person and be able to verify the account information.
- Send us the information you want changed, and remember to include your account name, number, and contact information in case we have questions.

SEND YOUR CHANGES TO:

Mail Attn: Account Registration and Maintenance
Idaho State Tax Commission
PO Box 36, Boise ID 83722-0410
Fax (208) 334-5364
E-mail processing@tax.idaho.gov

COMMUNITY PROPERTY LAW CLARIFIED

Idaho's community property laws apply to Idaho residents. Generally, all income earned by married taxpayers is attributed equally to both spouses and is taxed as community income. Property acquired before the marriage and property acquired by gift or inheritance either before or during the marriage is usually separate property. Income derived from separate property is community income unless spouses have a written agreement that specifically states the income is separate.

Community property laws affect how taxpayers figure their income on both their state and federal income tax returns. Married taxpayers who file separate returns usually must divide their income equally, showing half the community income on one return and half on the other return. Each must report any separate income on their separate return. Each return must include a schedule that shows the equal division of the community income, withholding, and deductions between both spouses.

If one spouse itemizes deductions, the other spouse must also itemize. If taxpayers were married for part of a year and file separate returns, they need to split the community income earned during the time they were married.

For help with community property issues, contact the Tax Commission, consult a tax professional, or see IRS Publication 555, *Community Property*, which includes an allocation worksheet to help spouses divide income.

SALES INFORMATION FOR ANTIQUE DEALERS

An Idaho seller's permit allows you to make retail sales. If all of your sales are wholesale or through a consignment store rather than to the end consumer, you don't need a seller's permit. If you're an antique dealer with a seller's permit, you must report your "Total Sales" for a filing period. Your "Total Sales" are all of the sales you make - including items you sell and collect tax on, as well as items sold by a retail or consignment store that collects the tax for you. Although you're not responsible for collecting the taxes on items sold at a retail or consignment store, you must list them on your return. To list taxable sales correctly on your return, do the following:

- On line 1 of your Form 850, Idaho Sales and Use Tax Return, report your "Total Sales" for the filing period, including consignment sales.
- On line 2, report only your sales from retail or consignment stores that collect the tax for you. These are your nontaxable sales. Keep copies of the documents you receive from the store as proof that your sales were taxed by someone else and are nontaxable sales for you.
- On line 4, report use tax on items you purchased for resale, but then used or gave to friends or family.

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FOR MORE INFORMATION

Web site: tax.idaho.gov
Phone (Boise area): 334-7660
Phone (toll free): 800-972-7660
Hearing impaired: 800-377-3529

TAX COMMISSION OFFICES

Boise:
800 Park Blvd., Plaza IV
Idaho Falls:
150 Shoup Ave., Ste. 16
Lewiston:
1118 F Street
Pocatello:
611 Wilson St., Ste. 5
Twin Falls:
1038 Blue Lakes Blvd. N, Ste. C
Coeur d'Alene:
1910 Northwest Blvd., Ste. 100

Income tax applies to all income, whether it is from a hobby or business. If you're a sole proprietor, you must file a federal Schedule C for business income with your annual income tax return. If you're a hobbyist, report your earnings on your federal Form 1040 as miscellaneous income, and use federal Schedule A to deduct hobby expenses.

NEW DUE DATE FOR ANNUAL FILERS OF FORM 956

A new law changes the due date for farmers filing a Form 956, Idaho Withholding Reconciliation return. Farmers must now file Form 956 by January 31 and pay the Idaho income tax they withheld from their employees' wages. This is the same date that other employers file the return. Farmers previously had until February 28 to file Form 956.

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Unless otherwise noted, information in *Tax Update* applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest Tax Commission office.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with section 60-202, Idaho Code.

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