

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 14888
[Redacted],)	
)	DECISION
Petitioners.)	
<hr style="width: 45%; margin-left: 0;"/>		

[Redacted] (petitioners) protest the Notice of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated May 25, 2000 asserting additional income taxes and interest totaling \$3,004 for 1997.

The auditor denied a loss claimed by the petitioners from the disposition of a partnership interest. The representative for the petitioners has set forth several adjustments which she contends should be made to properly reflect the petitioners' liability.

The partnership interest was liquidated in 1997. In the liquidation, both cash and real property were distributed to the partners.

Treasury Regulation 1.731-1(2) stated, in part:

Recognition of loss. Loss is recognized to a partner only upon liquidation of his entire interest in the partnership, and only if the property distributed to him consists solely of money, unrealized receivables (as defined in section 751(c)), and inventory items (as defined in section 751(d)(2)).

The petitioners have set forth no authority to indicate that Treasury Regulation 1.1.731-1(2) should not control the treatment of the transaction here in question. Therefore, the Commission finds that the auditor's adjustment must be affirmed.

WHEREFORE, the Notice of Deficiency Determination dated May 25, 2000, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the petitioners pay the following tax and interest (calculated to February 28, 2002):

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$2,572	\$767	\$3,339

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

An explanation of the petitioners' right to appeal this decision is enclosed with this decision.

DATED this _____ day _____, 2001.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2001, 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. [Redacted]
[Redacted] [Redacted]
[Redacted] [Redacted] [Redacted]

ADMINISTRATIVE ASSISTANT 1