

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

In the Matter of the Protest of )  
 )  
[REDACTED], ) DOCKET NO. 15002  
 )  
 ) DECISION  
Petitioner. )  
\_\_\_\_\_ )

On June 16, 2000, the Idaho State Tax Commission (Tax Commission) issued a Notice of Deficiency Determination to [Redacted] (the petitioner), proposing additional income tax and interest for the taxable year 1997 in the total amount of \$1,070. After receiving additional information from the petitioner, the \$1,070 was reduced to \$193. The reduction was the result of the petitioner providing information documenting the petitioner's status as a part-year resident of Idaho instead of a full-year resident. The Notice of Deficiency Determination was issued based upon the petitioner's original filing as a full-year resident of Idaho. The petitioner filed a timely protest and petition for redetermination. The petitioner did not request a hearing. The Tax Commission, having reviewed the file, hereby issues its decision.

When the petitioner filed his 1997 Idaho income tax return, the petitioner filed as a resident of Idaho reporting Idaho taxable income of \$21,785. The audit staff compared the information on the petitioner's Idaho return with federal information and determined that the petitioner had understated his Idaho taxable income by \$11,058. As a resident of Idaho, the petitioner would be taxable on all of his taxable income wherever derived. Idaho Code Section 63-3002.

A Notice of Deficiency Determination was issued to the petitioner on June 16, 2000 increasing the petitioner's 1997 Idaho taxable income by \$11,058. The petitioner protested the findings in the Notice of Deficiency Determination and submitted additional information. Based upon the additional information, the auditor determined that the petitioner was a part-year

resident and calculated the petitioner's Idaho tax liability on that basis. The auditor sent to the petitioner a modified audit report reflecting the total amount of additional tax and interest due from the petitioner based upon a part-year filing. The petitioner responded by stating "I do not understand this. I believe I paid all that I was suppose to in 1997[.] I don't believe I owe the state anything[.]"

After reviewing the information in the file, the Tax Commission agrees with the auditor's determination that the petitioner was a part-year resident. The Tax Commission also agrees with the auditor's calculation of the additional amount of tax and interest due as calculated in the modified audit report.

The difference between the auditor's calculation and the petitioner's calculation of the petitioner's Idaho income tax liability is that the auditor prorated (1) the amount of standard deduction allowed in computing Idaho taxable income, (2) the amount of personal exemption allowed in computing the Idaho taxable income, and (3) the amount of credit the petitioner is entitled to under Idaho Code Section 63-3024A.

With respect to the standard deduction and the personal exemption, Idaho Code Section 63-3026A(4) states, in pertinent part,

(4) In computing the Idaho taxable income of a part-year . . . individual, . . . the standard deduction or itemized deductions, . . . and the exemptions, . . . shall be allowed in the proportion that paragraph (a) of this subsection bears to paragraph (b) of this subsection:

(a) The Idaho taxable income of the taxpayer modified as follows:

(i) No allowance shall be made for either the standard deduction or itemized deductions;

(ii) No deduction shall be made for personal exemptions or any allowance in lieu of such deduction.

(b) The Idaho taxable income as would be calculated for a resident of Idaho modified as follows:

(i) No allowance shall be made for either a standard deduction or itemized deductions;

(ii) No deduction shall be made for personal exemptions or any allowance in lieu of such deduction; . . . (emphasis added)

Therefore, the Tax Commission finds that the auditor was correct in prorating the petitioner's standard deduction and personal exemption.

With respect to the credit allowed under Idaho Code Section 63-3024A (commonly referred to as the grocery credit), Idaho Code Section 63-3024A(d) states "Any part-year resident entitled to a credit under this section shall receive a proportionate credit, in the manner above provided, reflecting the part of the year in which he was domiciled in this state." (emphasis added). Therefore, the auditor was correct in prorating the amount of credit allowed to the petitioner.

WHEREFORE, the Notice of Deficiency Determination dated June 16, 2000, as modified is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the petitioner pay the following tax, penalty, and interest (calculated through May 15, 2001):

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$162	\$0	\$38	\$200

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

An explanation of the petitioner's rights to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2001.

IDAHO STATE TAX COMMISSION

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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]  
[Redacted]

Receipt No. [Redacted]

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ADMINISTRATIVE ASSISTANT 1