

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 15986
[REDACTED],	)	
	)	DECISION
Petitioner.	)	
_____	)	

On September 7, 2001, the staff of the Income Tax Audit Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing additional income tax and interest for the taxable year 1999 in the total amount of \$338.

On October 2, 2001, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not respond to the Tax Commission's hearing rights letter and did not provide any further information or documentation. The Tax Commission, having reviewed the file, hereby issues its decision.

Idaho Code section 63-3002 states that the taxable income reported to the Internal Revenue Service shall be the identical sum reported to the state of Idaho, subject to modifications contained in the Idaho law. [Redacted]. [Redacted].

The taxpayer responded that she came to Idaho in July 1999 and remained through the end of the year. She provided a copy of her California income tax return and her W-2 statements to show the income she earned in California and Idaho.

The Bureau reviewed the information and found the taxpayer filed resident income tax returns for both California and Idaho. The income the taxpayer reported to each state was only the income earned in that state. The Bureau determined the taxpayer should have filed a part-year resident return. The Bureau corrected the taxpayer's Idaho income tax return and sent the taxpayer a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination stating she reported the income she earned to the respective states. She did not agree that she should have to pay additional tax to Idaho for the income she earned in California while she was a resident of California.

The Tax Commission sent the taxpayer a letter explaining in more detail the Bureau's adjustments and giving her two options for having the Notice of Deficiency Determination redetermined. The taxpayer did not respond. Therefore, the Tax Commission decided the matter based upon the information available.

Idaho Code section 63-3013A defines a part-year resident of Idaho. It states that a part-year resident is an individual who is not a resident and who has changed her domicile to or from Idaho during the taxable year; or who has resided in Idaho for more than one day during the taxable year. The taxpayer stated she came to Idaho in July 1999; therefore, she was a part-year resident of Idaho in 1999.

Idaho Code section 63-3026A provides for the computation of Idaho taxable income for part-year residents. It states that for part-year residents, Idaho taxable income is composed of income from Idaho sources for the time the individual was not a resident of Idaho and income from all sources for the time the individual was a resident of Idaho. This section further states that a part-year resident individual is allowed a deduction for the standard deduction or itemized deductions and exemptions in the proportion that her Idaho taxable income bears to her Idaho taxable income as if she were a resident of Idaho.

The taxpayer stated that the Bureau's determination had her owing tax on her California income. At first glance, the taxpayer's statement may seem to be correct. However, a closer look shows what Idaho's taxing scheme is trying to accomplish. A part-year resident of Idaho is only taxed on income from Idaho sources prior to becoming a resident of Idaho and on income

from all sources after becoming a resident. Idaho's taxing scheme matches the income reportable to Idaho with a portion of the standard or itemized deductions and exemptions allowed on the total income. Therefore, the Idaho part-year resident computation shows income that is taxable by Idaho because of residing in Idaho and income being from Idaho sources along with the total income earned. However, the Idaho tax is only computed on Idaho taxable income.

The Bureau computed the taxpayer's Idaho tax in accordance with Idaho Code section 63-3026A. Therefore, the Tax Commission upholds the Bureau's determination.

WHEREFORE, the Notice of Deficiency Determination dated September 7, 2001, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
1999	\$300	\$ 51	\$351

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

An explanation of the taxpayer's right to appeal this decision is included with this decision.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2002.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_ day of \_\_\_\_\_, 2002, 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]

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ADMINISTRATIVE ASSISTANT 1