

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 16522
[Redacted],	)	
	)	DECISION
Petitioners.	)	
_____	)	

On November 26, 2001, the Tax Discovery Bureau of the Idaho State Tax Commission (Tax Commission) issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing additional use tax, penalty, and interest in the total amount of \$6,021. The taxpayers’ attorney filed a timely protest and petition for redetermination and requested an informal hearing before the Tax Commission. The Commission sent a hearing rights letter to the taxpayers’ attorney on June 6, 2002, explaining their appeal rights. Neither the taxpayers nor their attorney responded to this letter. The Tax Commission, having reviewed the file and the arguments presented by the taxpayers hereby issues its decision.

The deficiency results from the imposition of Idaho use tax on the purchase of five motor vehicles that the taxpayers purchased between June 2000 and October 2001. All of the vehicles were titled and registered in the state of Oregon. The taxpayers own a beauty salon [Redacted] which they operate as a sole proprietorship. The taxpayers are Idaho residents who live in [Redacted]. The taxpayers filed for the years in question, Idaho resident income tax returns, claimed the homeowner’s property tax exemption (See Idaho Code § 63-602G) on their home in Idaho, hold Idaho driver’s licenses, and are registered to vote in Idaho.

The attorney for the taxpayers sent a letter of protest on December 18, 2001. The only reason stated for the protest was that, “the motor vehicles listed in the Notice of Deficiency were used or are used in the taxpayers’ business which is located in [Redacted], Oregon.”

Idaho Code §§ 49-401A and 49-501 require every Idaho resident who operates a motor vehicle upon any highway in this state to register and title the motor vehicle in Idaho. Idaho Code § 63-3623 states that, “a certificate of title will be issued to the new owner only upon presentation of evidence of sales or use tax on the transaction.” Because the taxpayers titled and registered the vehicles in Oregon, no sales tax was paid on their purchase. The Idaho Sales Tax Act does not provide an exemption for vehicles used in a business in another state by an Idaho resident who also uses the vehicles in Idaho. The Commission notes that the taxpayers were issued a notice of deficiency in 1996 after receiving an anonymous tip that the taxpayers were living in Idaho but had Oregon license plates on their vehicles. For these reasons, the Commission affirms the Notice of Deficiency Determination.

WHEREFORE, the Notice of Deficiency Determination dated November 26, 2001, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest (calculated through July 31, 2002):

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$4,415	\$1,103	\$648	\$6,166

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

An explanation of the taxpayers’ right to appeal this decision is enclosed with this decision.

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

IDAHO STATE TAX COMMISSION

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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]  
[Redacted]

Receipt No. [Redacted]

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ADMINISTRATIVE ASSISTANT 1