

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20414
[REDACTED],)	
)	DECISION
Petitioner.)	
_____)	

[Redacted] (petitioner) protests the Notice of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated May 31, 2007, asserting additional liability for Idaho income tax and interest in the total amount of \$2,520 for 2005.

After an exchange of correspondence with the petitioner, the auditor made two adjustments to the Idaho taxable income of the petitioner. The first was to disallow a claimed deduction in the amount of \$1,800 for a contribution to an Individual Retirement Account. The second was to disallow a claimed business expense deduction in the amount of \$4,407. The petitioner was allowed a credit for taxes paid to another state in the amount of \$1,868 on his original return. The auditor reduced this amount to \$29.

In response to the Notice of Deficiency Determination issued by the auditor, the petitioner submitted an amended return. On that amended return, the petitioner made several adjustments both to his original filing and to the report issued by the auditor. The petitioner conceded the adjustment made by the auditor to disallow the deduction for the claimed contribution to the individual retirement account. The petitioner, in his amended return, did not claim the business expense deduction originally claimed.

In the amended return submitted by the petitioner, he claimed credit for taxes paid to another state in the amount of \$2,484 and credit for contributions to an Idaho youth and rehabilitation facility in the amount of \$65. Errors on the amended return submitted by the

petitioner included reflecting a refund from the original filing of the petitioner's return in the amount of \$146 which the petitioner did not receive and failure to reflect payment with regard to the original filing in the amount of \$205.

During this administrative appeal, the petitioner was asked to provide evidence of payment of the taxes to the other state. The petitioner did not provide this evidence.

Idaho Code § 63-3029 sets out the authority for the credit for taxes paid to another state.

It states, in pertinent part:

(3) The credit provided under this section shall not exceed the proportion of the tax otherwise due under this chapter that the amount of the adjusted gross income of the taxpayer derived from sources in the other state as modified by this chapter bears to the adjusted gross income of the taxpayer as modified by this chapter. This limitation applies to all individuals whether the tax paid to the other state is paid by the individual or by an S corporation, partnership, limited liability company, or trust. Further, the credit shall not exceed the tax paid to the other state.

The information in the file indicates that the petitioner had \$3,006 of [Redacted] income tax withheld from his compensation. Of this amount, it appears that [Redacted] refunded \$2,977 to him leaving only \$29 as having been paid. It is assumed that the petitioner paid only this amount. Accordingly, his credit for taxes paid to another state is limited to this amount.

WHEREFORE, the Notice of Deficiency Determination dated May 31, 2007, is hereby MODIFIED, and as so modified, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER the petitioner to pay the following tax and interest (calculated to February 29, 2008):

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$2,170	\$270	\$2,440

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

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

DATED this _____ day of _____, 2007.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2007, 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.
