

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

In the Matter of the Protest of )  
 ) DOCKET NO. 24108  
[Redacted], )  
 )  
 )  
 ) Petitioners. ) DECISION  
 )  
\_\_\_\_\_ )

BACKGROUND

On April 14, 2011 the Income Tax Audit Bureau (Audit) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (Petitioners) in the amount of \$24,132. The Petitioners are non-resident shareholders in [Redacted], a multistate S-Corporation with a manufacturing facility [Redacted], Idaho. The Petitioners’ primary source of Idaho income is the flow-through income from the S-Corporation and the gain associated with the sale of corporate assets.

ISSUE

1. Whether the gain adjustment made [Redacted] will be upheld and the Petitioners portion will flow-through to their return.

DISCUSSION

At the time of the protest, the Petitioners’ representative requested a redetermination in conjunction with [Redacted] redetermination. The tax liability of the S-Corporation would determine the amount of gain passed through to the Petitioners. The Petitioners paid the tax and interest due at the time of the protest to avoid further interest charges. The Commission informed the Petitioners’ representative on June 18, 2012, that [Redacted] had withdrawn their protest. The Commission reminded the representative that the Petitioners were still entitled to a hearing and had a right to submit any information for consideration. On July 16, 2012, a letter

was sent again informing the Petitioners of their hearing rights along with a request for a response by August 15, 2012. To date, no response has been received.

CONCLUSION

The taxable gain passed through to the Petitioners from the S-Corporation was upheld when the S-Corporation withdrew their protest. No new information or position was offered by the Petitioners. The Commission agrees with Audit that the pass-through is correct.

THEREFORE, the Notice of Deficiency Determination dated April 14, 2011, and directed to the Petitioners is hereby AFFIRMED by this decision.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2012, 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.

Copy mailed to:

[REDACTED]