

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 31119
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On September 12, 2013, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (Notice) to [Redacted] (taxpayers), proposing sales tax, use tax, penalty, and interest for the period March 1, 2011, through March 31, 2011, in the total amount of \$1,718.

On November 5, 2013, the taxpayer filed a timely appeal and petition for redetermination of the Notice. At the taxpayer’s request, the Commission held an informal hearing on July 14, 2014. Present at the informal hearing were Commissioner [Redacted], Deputy Attorney General [Redacted], and Tax Policy Specialist [Redacted].

The Commission is fully advised of the contents of the audit file, as well as information obtained at the hearing, and thereafter, and hereby issues its decision upholding the audit findings.

Background and Audit Findings

On March 25, 2011, the taxpayers registered a motor vehicle with the Idaho Transportation Department (ITD). At the time of registration, the taxpayers completed Form ST-102, New Resident Exemption Claim. Typically, if a taxpayer acquires a vehicle without paying sales tax and then uses or stores it in Idaho, it is subject to a use tax at the same rate as the sales tax (Idaho Code § 63-3621). The new resident exemption allows a resident of Idaho to register a motor vehicle in Idaho without paying a use tax if the vehicle was acquired

while a resident of another state; the acquisition must occur at least three months prior to moving to Idaho (Idaho Code § 63-3621(1)). In filling out the ST-102, the taxpayers asserted that they had purchased the vehicle on April 15, 2010, and had moved to Idaho on January 31, 2011. By completing the form and claiming to meet the proper requirements, the taxpayers registered the vehicle without paying use tax. The Bureau received the taxpayers' information from the county assessor and reviewed their exemption claim in August 2012.

The Bureau concluded that the taxpayers did not qualify for the exemption claimed, as they were both residents of the State of Idaho at the time of the purchase of the vehicle and at the time the vehicle was registered with the state of Idaho. The Bureau based this conclusion on the fact that the taxpayers filed Idaho resident income tax returns between 2010 and 2012.

The taxpayers responded to the inquiry, indicating that [Redacted] was not living in Idaho at the time of the purchase of the vehicle and had filed the Idaho resident income tax return in error. He stated that he would file an amended return for 2010 between [Redacted] and Idaho. No amended return was filed, so the Bureau issued the Notice as detailed above.

Taxpayers Protest

The taxpayer protested the imposition of tax on the vehicle, stating that the vehicle was purchased prior to Idaho residency. To support this, the taxpayers later amended their 2010 resident income tax return to a part-year resident return that listed [Redacted] as a part-year resident and [Redacted] as a full-year resident. Though the taxpayer did provide the amended return as requested, the change in the return does not change the fact that the taxpayer does not qualify for the new resident exemption because, in spite of the change, at least one of the purchasers was an Idaho resident at the time of the purchase of the vehicle and at the time the vehicle was registered with the state of Idaho.

Analysis and Conclusion

According to the taxpayers, the vehicle was purchased on April 15, 2010, from [Redacted] in [Redacted] Idaho, without paying sales tax. The Commission reasonably presumes that the taxpayers claimed the exemption available to nonresidents purchasing a motor vehicle who will take the vehicle to another state for registration (hereafter, the “nonresident exemption”) (Idaho Code § 63-3622R(a)(1)). The vehicle was purchased on April 15, 2010 and titled in the state of [Redacted] under the name of [Redacted] and [Redacted]. [Redacted], who later became [Redacted], was an Idaho resident at the time this vehicle was purchased. The title denotes ownership, and both taxpayers were listed on the bill of sale and on the [Redacted] title. The nonresident exemption would not apply.

The Bureau added interest and penalty to the sales and use tax deficiency. The Commission reviewed those additions, found both to be appropriate per Idaho Code sections 63-3045 and 63-3046, and has updated interest accordingly. Interest is calculated through January 31, 2015, and will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid.

THEREFORE, the Notice of Deficiency Determination dated September 12, 2013, is hereby APPROVED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

IT IS ORDERED that the taxpayers pay the following tax, penalty, and interest:

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$1,278	\$320	\$151	\$1,749

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.

DATED this _____ day of _____ 2014.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2014, 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.