

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 25964
Petitioner.) DECISION
_____)

BACKGROUND

On April 29, 2013, the Audit Bureau (Audit) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (Petitioner). The Petitioner has elected to be treated as a Subchapter S Corporation (S-corp.) on their [Redacted] income tax returns. An S-corp. is a pass-through entity, therefore all income, expenses, and credits are reported on the owner’s income tax return and no income tax is owed at the entity level. Any adjustments as a result of this audit flow through to the owner’s individual returns. On June 27, 2013, the Petitioner filed a timely protest. On October 3, 2013, the file was transferred to the Legal/Tax Policy Division for resolution. On February 3, 2014, the Commission sent a letter outlining the options for resolving a protested audit. The company controller asked for more time to respond, but no response has been made. A hearing was not requested. The Commission now makes this decision with the information available.

ISSUES

1. Whether the Petitioner is entitled to the Investment Tax Credits (ITC) claimed on their 2010 Idaho Income Tax return.

DISCUSSION

The ITC claimed on the 2010 [Redacted] return was for a [Redacted]. A fire protection system is a component of a building or structure and does not qualify for investment tax credit.

Treasury Regulation 48-1 (e) FTC Definition of building and structural components. (2) FTC The term “structural components” includes such parts of a building as walls, partitions, floors, and ceilings, as well as any permanent coverings therefor such as paneling or tiling; windows and doors; all components (whether in, on, or adjacent to the building) of a central air conditioning or heating system, including motors, compressors, pipes and ducts; plumbing and plumbing fixtures, such as sinks and bathtubs; electric wiring and lighting fixtures; chimneys; stairs, escalators, and elevators, including all components thereof; sprinkler systems; fire escapes; and other components relating to the operation or maintenance of a building. Underlines added.

The equipment that the Petitioner claimed for the investment tax credit was a [Redacted]. [Redacted] are defined by Treasury Regulation 48-1 as being a structural component and not qualified investment tax credit property. Since this corporation has elected to file as an S-corp., all income and expense items pass through to the owner’s individual return. The disallowed \$230 credit adjustment was made on the owner’s NODD.

THEREFORE, the NODD dated April 29, 2013, and directed to [Redacted] is hereby AFFIRMED.

An explanation of the Petitioner’s right to appeal this decision is enclosed.

DATED this _____ day of _____ 2015.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2015, 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.
