

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 39069
Petitioner.)
DECISION
_____)

On April 1, 2014, the staff of the Income Tax Audit Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (petitioner) proposing additional income tax, penalty, and interest for taxable year 2010 in the total amount of \$422.

On April 15, 2014, the petitioner filed a timely appeal and petition for redetermination. The petitioner did not respond to the Commission’s hearing rights letter and has not provided any additional documentation for the Commission’s consideration. Therefore, the Commission, having reviewed the file, hereby issues its decision.

The petitioner timely filed his 2010 part-year Idaho resident individual income tax return claiming a credit for taxes paid to [Redacted]. The Bureau selected the petitioner’s 2010 return to examine the claimed credit. The Bureau reviewed the information available and determined the petitioner had no income that was taxed by both Idaho and another state. The Bureau adjusted the petitioner’s return and sent him an NODD.

The petitioner protested the adjustment to his return, but did not provide any additional information for consideration. The petitioner’s file was transferred to the Legal/Tax Policy Division for administrative review.

The Commission sent the petitioner a letter giving him two options for having the NODD redetermined. The petitioner did not respond. Therefore, the Commission decided the matter based upon the information available.

In 2010, the petitioner, according to an entry on his Idaho return, resided in the state for five months. The petitioner earned Idaho wages, which were reported on his Idaho return. The petitioner provided a copy of a partial return from the state of [Redacted], where he indicated he was a full year resident, but because the entire return was not provided, it is unknown whether the petitioner claimed a credit for taxes paid in [Redacted].

The petitioner stated in his appeal letter,

I was a part time resident in the State of Idaho during 2010 and maintained my [Redacted] residency. When I filed my taxes for 2010 I claimed the Idaho income on my State of [Redacted] taxes as well as Idaho and paid taxes on that income. Please see my [Redacted] return enclosed.

Idaho Code section 63-3029 states, in pertinent parts,

Credit for income taxes paid another state or territory. -- . . .

(1) A resident individual shall be allowed a credit against the tax otherwise due under this chapter for the amount of any income tax imposes on the individual, an S corporation, partnership, limited liability company, estate or trust of which the individual is a shareholder, partner, member, or beneficiary (to the extent attributable to the individual as a result of the individual's share of the S corporations, partnership's, limited liability company's, estate's or trust's taxable income in another state), for the taxable year another state on income derived from sources therein while domiciled in Idaho and that is also subject to tax under this chapter.

(9) A part-year resident is entitled to a credit, determined in the manner prescribed by the state tax commission, for income taxes paid to another state in regard to income which is:

- (a) Earned while the taxpayer is domiciled in this state; and
- (b) Subject to tax in such other state.

Idaho's credit for taxes paid to another state is for residents and part-year residents of Idaho that have income from sources in another state that is subject to tax in Idaho and the other state (Idaho Code section 63-3029(1) and (9)). Idaho's credit for taxes paid to another state is

intended to ease the burden of paying state income taxes on the same income to more than one state. However, in order to receive the credit, the income has to be subject to tax in both Idaho and the other state. In the present case, the petitioner has not provided sufficient information to determine if, in fact, any of his income was taxed by both Idaho and [Redacted] and, in addition, if double taxation did occur, the credit should be claimed on the [Redacted] return, as that is the petitioner's state of residence. No credit for taxes paid to another state should be claimed on the petitioner's Idaho return.

THEREFORE, the Notice of Deficiency Determination dated April 1, 2014, is hereby APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$362	\$18	\$57	\$437

Interest is calculated through June 1, 2015.

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.

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.
