

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 39114  
Petitioner. )  
DECISION  
\_\_\_\_\_ )

On July 17, 2014, the staff of the Revenue Operations Division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (petitioner) proposing additional income tax and interest for taxable year 2013, in the total amount of \$165.45.

On August 1, 2014, the petitioner filed a timely appeal and petition for redetermination. The petitioner did not respond to the Commission’s hearing rights letter. Therefore, the Commission, having reviewed the file, hereby issues its decision affirming the Notice of Deficiency Determination.

The petitioner timely filed her 2013 part-year Idaho resident individual income tax return claiming a credit for taxes paid to [Redacted]. During the processing of the petitioner’s return, the Taxpayer Accounting Section (Taxpayer Accounting) reviewed this claim and determined the petitioner was not entitled to the credit. The credit was disallowed on the petitioner’s return and she was sent a Tax Computation Change letter showing the tax effect of the adjustment to disallow the credit for taxes paid. The petitioner protested the change, but did not provide any additional information for consideration. An NODD was issued and the petitioner’s file was transferred to the Legal/Tax Policy Division for administrative review.

The Commission sent the petitioner a letter giving her two options for having the Notice of Deficiency Determination redetermined. The petitioner did not respond. Therefore, the Commission decided the matter based upon the information available.

In 2013, the petitioner lived in Idaho for seven months and in [Redacted] the remaining five months of the taxable year. The petitioner filed income tax returns for each state, reporting the wages she earned in each state to the respective state. The taxpayer stated in her appeal letter,

The income I earned in Idaho was taxed according to the tax requirements set by the state. I have done the same for the income I reported and paid taxes on in the state of [Redacted]. Since I have paid the required taxes to both states I fail to understand why the State of Idaho wants to claim taxes for income earned in the state of [Redacted]. I know I have not paid “double taxes” on my income for each state and should not be required to of penalized because I moved from one state to another in the same year.

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

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

(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 Commission agrees with the petitioner’s statement that she reported Idaho income, \$17, 623, on the Idaho return, and [Redacted] income, \$11, 340, on the [Redacted] return. The issue is that the petitioner submitted an Idaho supplemental schedule with her Idaho return in which she claims that all of her income, \$29,997 was taxed by

Idaho and by another state. This is simply not the case. The taxpayer reported and paid taxes to Idaho on Idaho income and reported and paid taxes to [Redacted] on [Redacted] income. The petitioner's income was not taxed by both states; she has no double-taxed income.

Since the petitioner did not have income that was taxed by both Idaho and another state, no credit is allowed. Therefore, the Tax Commission must uphold Revenue Operation's adjustment disallowing the credit for taxes paid to another state.

THEREFORE, the Notice of Deficiency Determination dated July 17, 2014, is hereby APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	\$164	\$11	\$175

Interest is calculated through September 30, 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.  
  
\_\_\_\_\_