

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-907-857-920
<b>[Redacted]</b>	,	)
	)	
Petitioners.	)	DECISION
<hr style="width: 40%; margin-left: 0;"/>	)	

On January 8, 2016, the Revenue Operations Division (Division) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to **[Redacted]** (petitioners) that denied a refund of the Idaho grocery credit tax and proposed tax and interest in the amount of \$10.29 for the period ending December 31, 2014. The petitioners filed a timely protest and petition for redetermination of the refund denial.

The petitioners did not request an informal hearing and have not provided any additional documentation for the Commission’s consideration. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision.

On November 5, 2015, the petitioners submitted their 2014 Idaho individual income tax return to the Commission for processing. Because the amount of grocery credit shown on the return appeared to be a prorated amount, the Division sent the petitioners a letter requesting information about their residency status. The petitioners responded stating that they did not reside in Idaho for the entire year, only since February 18, 2014. Based on this information, the Division changed the petitioners return to a form 43 for part-year residents. The petitioners were sent another letter showing the tax effect of this change. The petitioners objected, and a NODD was issued wherein the petitioners were advised their refund of the grocery credit was denied and they had a right to appeal the determination.

Idaho code section 63-3024A states, in relevant part:

(1) Any resident individual who is required to file and who has filed an Idaho income tax return shall be allowed a credit against taxes due under the Idaho income tax act for each personal exemption for which a deduction is permitted by section 151(b) and (c) of the Internal Revenue Code, and which is claimed on the taxpayer's Idaho income tax return.

(4) Except as provided in subsection (9) of this section, a credit or refund under this section is only available if the individual for whom a personal exemption is claimed is a resident of the state of Idaho.

(9) Any part-year resident entitled to a credit under this section shall receive a proportionate credit reflecting the part of the year in which he was domiciled in this state.

Idaho Administrative Rule 770 states in relevant part:

03. Part-Year Residents. A part-year resident is entitled to a prorated credit based on the number of months he was domiciled in Idaho during the taxable year. For purposes of this rule, a fraction of a month exceeding fifteen (15) days is treated as a full month. If the credit exceeds his tax liability, the part-year resident is not entitled to a refund.

In the present case, the petitioners are part-year residents of Idaho for taxable year 2014 and as such, correctly proportioned the Idaho grocery credit on the income tax return they submitted. However, as part-year residents, they are not entitled to a refund of the portion of the grocery credit that exceeds their tax liability.

THEREFORE, the Notice of Deficiency Determination directed to **[Redacted]** dated January 8, 2016, that denies the petitioners a refund of the Idaho grocery credit is APPROVED and MADE FINAL.

Due to the de minimis amount of the tax and interest shown in the NODD, no DEMAND for payment will be made or given.

An explanation of the petitioners' right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2016, 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.

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