

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 26131
[REDACTED],)	
)	
Petitioners.)	DECISION
_____)	

[Redacted] (Petitioners) protested the Notice of Deficiency Determination dated November 6, 2013, issued by the Income Tax Audit Bureau (Bureau) proposing additional Idaho income tax and interest for taxable years 2010 and 2011 in the total amount of \$7,949. Petitioners disagreed with the Bureau’s determination that [Redacted] was not a qualified individual for purposes of the foreign earned income exclusion. The Tax Commission, having reviewed the file and being fully advised thereof, hereby issues its decision.

Petitioners’ Idaho individual income tax returns for taxable years 2010 and 2011 were selected for examination. Specifically, the Bureau reviewed Petitioners’ claim of the foreign earned income exclusion. After reviewing the information the Bureau asked Petitioners to provide, the Bureau determined [Redacted] was not a qualified individual as defined in Internal Revenue Code (IRC) section 911. The Bureau determined [Redacted] abode was in the United States; therefore, his tax home could not be considered to be in a foreign country. The Bureau adjusted Petitioners’ Idaho individual income tax returns and sent them a Notice of Deficiency Determination.

Petitioners protested the Bureau’s determination. In lieu of a hearing, Petitioners provided additional written information. The Tax Commission reviewed all the available information and found that even though [Redacted] ties to the foreign country itself were limited, [Redacted] did have enough ties to where he was living in the foreign country for it to be considered an abode. Therefore, because [Redacted] employment was considered indefinite

(IRC section 162(a)(2)) and his abode was outside the United States, his tax home was in a foreign country. And since [Redacted] was physically present in the foreign country for the required number of days, he met the requirements of a qualified individual for purposes of the foreign earned income exclusion. As a result, Petitioners could elect to exclude a portion of their foreign earned income for taxable years 2010 and 2011.

THEREFORE, the Notice of Deficiency Determination dated November 6, 2013, and directed to [Redacted] is CANCELED.

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

DATED this _____ day of _____ 2016.

IDAHO STATE TAX COMMISSION

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.
