

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

In the Matter of the Protest of	)	
[Redacted]	)	DOCKET NO. 0-249-423-872
	)	
Petitioner.	)	DECISION
_____	)	

The Idaho State Tax Commission (Commission) reviewed your case and this is our final decision. We uphold the Notice of Deficiency Determination (Notice) dated December 12, 2017. This means **you need to pay \$587** of tax, penalty, and interest for taxable year 2014. The Commission now DEMANDS immediate payment of this amount.

[Redacted] (Petitioner) filed a timely protest and petition for redetermination. The Commission sent Petitioner a letter informing him of his appeal rights, and Petitioner was given an opportunity to respond. Petitioner did not request an informal hearing or provide any additional information.

The Commission adjusted Petitioner’s Idaho individual income tax return for 2014 to match the changes in his federal return due to a federal audit adjustment and issued a Notice. According to the federal audit adjustment, Petitioner received \$6,076 in unemployment compensation from the Utah Department of Workforce Services that was not originally reported on the returns. Petitioner filed a protest arguing that his correct liability is \$0 and the unemployment compensation he received was not taxable to the state of Idaho, per IDAPA 35.01.01 Idaho Income Tax Administrative Rule 273. Rule 273, which provides that unemployment compensation benefits received from another state shall not constitute Idaho source income, is specific to the computation of Idaho taxable income of a part-year or non-resident individual under Idaho Code § 63-3026A (3). Because Petitioner filed his 2014 Idaho individual

tax return as a full year resident, Rule 273 is inapplicable. The income should have been included on his Idaho tax return, as “[a]ll income earned or received by an individual who resides in or is domiciled in Idaho is subject to Idaho income taxation without regard to the source of the income.” *See* IDAPA 35.01.01 Idaho Income Tax Administrative Rule 250.02.

Petitioner further argues that he is entitled to a credit for income taxes paid on the unemployment benefits to another state pursuant to IDAPA 35.01.01 Idaho Income Tax Administrative Rule 700. Under Idaho Code § 63-3029(1) and Rule 700, a resident individual is allowed a credit for income tax paid to another state on income derived from sources in that state while domiciled in Idaho and that is also subject to tax in Idaho. The credit allowed may not exceed the amount of tax paid to the other state. *See* I.C. § 63-3029(3)(c); Rule 700.06.a.

The Commission requested from Petitioner a copy of the 2014 tax return filed with the State of Utah and a copy of the canceled check showing the payment of taxes to Utah, but the Commission did not receive a response. The Commission later confirmed that Petitioner did not file a 2014 tax return with Utah.

Idaho Code § 63-3002 states that it is the intent of the Idaho Legislature, insofar as possible, to make the Idaho Income Tax Code identical to the Internal Revenue Code in the way taxable income is determined. Idaho Code § 63-3069 states that upon a final determination of any deficiency or refund of federal taxes, written notice shall be immediately sent to the State Tax Commission by a taxpayer. IDAPA 35.01.01 Income Tax Administrative Rule 890.03 provides that negligence penalties may be imposed if taxpayer has not provided the written notice within 60 days of the final determination.

From the cited Idaho Code sections and the Administrative Rule, it is clear the Idaho Legislature intended any changes made to a Petitioner’s federal tax return to be reflected on the

Petitioner's Idaho state tax return. Therefore, it is the Commission's position that the adjustments made to Petitioner's federal return must be made to Petitioner's Idaho income tax return per Idaho Code.

Petitioner has the burden of proving the adjustment was incorrect and has failed to meet that burden. Since Petitioner has not provided the Commission with a contrary result to the federal redetermination, the Commission must uphold the deficiency as asserted.

The Notice dated December 12, 2017, and directed to [Redacted] is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest computed to February 28, 2019:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$490	\$25	\$72	\$587

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
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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