

determine the portion of exemptions and deductions allowable for part-year and nonresident individuals, the total exemptions and deductions allowed by Section 151, Internal Revenue Code, and Section 63-3022(j), Idaho Code, are multiplied by the calculated proration. For taxable years beginning in or after 2007, the proration is calculated by dividing Idaho adjusted income by total adjusted income.

Based on the facts presented, the Division determined Petitioners' prorated deductions were \$13,404. Petitioners reported Idaho itemized deduction of \$28,387. Petitioners contend they should be able to allocate itemized deductions between Montana and Idaho. In their appeal Petitioners state:

██████ had \$7,072 withheld from her paycheck for Idaho taxes and she paid \$6,023 in Idaho property taxes for a total state and local tax payment of \$13,095, limited to \$10,000. She paid \$20,558 in mortgage interest and donated \$4,901 to charity. These amounts total \$35,459 ($\$10,000 + \$20,588 + \$4,901$). She is therefore entitled to an Idaho itemized deduction of \$28,387 after adding back her Idaho withholding of \$7,072.

Any tax relief provided to taxpayers is the result of specific acts of legislation that must be strictly applied and interpreted. Whether and to what extent deductions shall be allowed in computing income taxes depends upon legislative grace; and only as there is clear statutory provision therefore can any particular deduction be allowed. A taxpayer seeking a deduction must be able to point to an applicable statute and show that he comes within its terms.

Accordingly, the Tax Commission holds that Petitioners cannot allocate their itemized deduction between Montana and Idaho but must prorate their itemized deductions in accordance with Idaho Code section 63-3026A(4).

On appeal, a deficiency determination issued by the Tax Commission “is presumed to be correct, and the burden is on the taxpayer to show that the Commission’s decision is erroneous.” *Parker v. Idaho State Tax Comm’n*, 148 Idaho 842, 845, 230 P.3d 734, 737 (2010) (citing *Albertson’s Inc. v. State Dep’t of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984)). The Tax Commission requires Petitioners to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Here, Petitioners did not provide adequate evidence. As a result, the Commission will uphold the Notice.

THEREFORE, the Notice of Deficiency Determination dated April 25, 2019, is hereby APPROVED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

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

<u>YEAR</u>	<u>REFUND CLAIMED</u>	<u>REFUND ALLOWED</u>	<u>ADJUSTMENT</u>	<u>TAX DUE</u>
2018	(\$1,010)	\$0	\$1,036	\$26

DEMAND for immediate payment of the foregoing amount is hereby made and given

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

DATED this _____ day of _____ 2020.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2020,
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.

[REDACTED]