

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

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Petitioner.

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DOCKET NO. 0-040-330-240

DECISION

■ ■ (Petitioner) protested the Notice of Taxpayer Initiated Refund Determination (Notice) dated March 6, 2024. Petitioner disagrees with the denial of his request for a refund of sales tax paid on the purchase of a recreational vehicle. The Tax Commission reviewed the matter and upholds the Notice for the reasons stated below.

BACKGROUND

Petitioner is an Idaho LLC with its principal place of business in Caldwell, Idaho. Petitioner is owned by ■ ■ and ■ ■ though ■ ■ is the majority owner. Petitioner purchased a 2021 Polaris RZR (RZR) on or before October 30, 2023. The application for title stated sales tax was paid to the Idaho Department of Motor Vehicles (DMV) on November 30, 2023, in the amount of \$1,440.00. Both the seller and buyer were Idaho residents, though ■ ■ lives in Arizona part of the year.

On February 2, 2024, Petitioner submitted a Form TCR, Sales Tax Refund Claim requesting a refund of \$1,440.00, the amount of sales tax paid on the RZR. The Tax Discovery Bureau reviewed the TCR, the accompanying documents, and requested additional information from the DMV. After reviewing the facts and all relevant documentation, the Bureau issued the Notice denying the refund. Petitioner protested the Notice, and the Bureau forwarded the file to the Appeals unit for administrative review.

Appeals reviewed the case and sent Petitioner a letter that discussed the methods for redetermining a Notice. Petitioner responded, requesting a telephone hearing which was held September 27, 2024. Present at the hearing were Petitioner, Tax Commissioner [REDACTED] Deputy Attorney General [REDACTED] Tax Appeals Manager [REDACTED] and Tax Appeals Specialist [REDACTED]

During the hearing, Petitioner acknowledged he is a resident of Idaho but argued with some certainty, that had he not registered the RZR in Idaho he would not owe sales tax. Petitioner did not provide any additional documentation for consideration, nor did he provide any evidence of an exemption. Therefore, the Tax Commission decided the matter based on the information contained in the file.

LAW AND ANALYSIS

The issue in this case is whether Petitioner owes Idaho sales tax on the RZR. Petitioner is an Idaho LLC. The owner of the LLC resides in Arizona part of the year but still maintains his Idaho residency. Idaho Code section 63-3622R below describes how only nonresidents may purchase UTV's tax exempt, and they must take them out of the state immediately and register them in the other state:

63-3622R.MOTOR VEHICLES, USED MANUFACTURED HOMES, VESSELS, ALL-TERRAIN VEHICLES, TRAILERS, UTILITY TYPE VEHICLES, SPECIALTY OFF-HIGHWAY VEHICLES, OFF-ROAD MOTORCYCLES, SNOWMOBILES AND GLIDER KITS. There are exempted from the taxes imposed by this chapter:

- (a) Sales to nonresidents of motor vehicles, trailers, vessels, all-terrain vehicles (ATVs), utility type vehicles (UTVs), specialty off-highway vehicles (SOHVs), motorcycles intended for off-road use and snowmobiles for use outside of this state, even though delivery be made within this state, but only when:
 - (1) The motor vehicles, vessels, ATVs, UTVs, SOHVs, motorcycles intended for off-road use, snowmobiles or trailers will be taken from the point of delivery

in this state directly to a point outside this state; and

- (2) The motor vehicles, vessels, ATVs, UTVs, SOHVs, motorcycles intended for off-road use, snowmobiles and trailers will be registered immediately under the laws of another state, will be titled in another state if required to be titled in that state, will not be used in this state more than ninety (90) days in any twelve (12) month period, and will not be required to be titled under the laws of this state. If the purchaser is a business entity, it must not have been formed under the laws of the state of Idaho in order to qualify for the exemption provided in this section.
- (3) For the purpose of this subsection, the terms "all-terrain vehicle" or "ATV," "utility type vehicle" or "UTV," and "specialty off-highway vehicle" or "SOHV" mean all-terrain vehicle or ATV, utility type vehicle or UTV, and specialty off-highway vehicle or SOHV as defined in section 67-7101, Idaho Code.

Petitioner registered the RZR in Idaho and sales tax became due at that point. Petitioner expressed his concern that it was taxed solely because of the registration. Whether Petitioner registered the RZR or not makes no difference on its taxability as it was purchased in Idaho by an Idaho resident.

CONCLUSION

Petitioner is a resident of Idaho and purchased the RZR in Idaho. There is no exemption for buying UTV's exempt from tax unless it's used in the production process and never registered for road use or used for recreation.

The Tax Commission considered all the information provided and finds that the RZR was purchased in Idaho by an Idaho resident and tax was paid correctly. Therefore, the Tax Commission will uphold the Notice.

THEREFORE, the Notice of Taxpayer Initiated Refund Determination dated March 6, 2024 is AFFIRMED and MADE FINAL.

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

DATED this _____ day of _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2025,
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:



Receipt No.
