

On July 31, 2024, and September 12, 2024, Appeals sent Petitioner letters explaining the alternatives available for redetermining a protested Notice. Petitioner did not respond to either letter. Therefore, the Tax Commission decided this matter based on information currently available.

Analysis

A decision in this case required a review of not only payment records, but also Petitioner's Idaho corporation income tax returns. What follows are the relevant facts of the case as they relate to filed returns and payments made to Petitioner's business income tax account.

Petitioner filed Form 41, *Idaho Corporation Income Tax Return*, covering the period from April 18, 2022, through December 31, 2022. The return was filed October 14, 2023, and showed \$30 total tax liability. The return also showed \$100 in estimated payments and refund roll-forward¹, resulting in a \$70 overpayment to be applied to the next tax year.

There were no estimated payments received before the first return was filed, so RO issued a Notice for the period ending December 31, 2022. That Notice resulted in tax due of \$30. Petitioner protested on the grounds that a \$100 payment was made by a subsidiary. The protest was later withdrawn after it was explained that the subsidiary's \$100 payment was applied to a small amount of accrued interest on the subsidiary's account and the balance refunded to the subsidiary, leaving no balance for Petitioner to claim.

Petitioner made a payment of \$100 on November 14, 2023, which was applied to the period ending December 31, 2022, instead of the period ending July 31, 2023, as requested.

¹ In the event of an overpayment of tax liability, a taxpayer may choose to have part, or all, of that overpayment refunded to them or rolled forward to the next tax year to apply against any tax liability on the return.

Since no payment was received before the due date of the December 31, 2022, return, interest of \$0.17 accrued on the \$30 tax liability. Petitioner made a payment of \$30.88 on January 2, 2024. This payment applied to the accrued interest and the remaining \$30.71 was refunded to Petitioner via paper check. The \$70 overpayment² for the period ending December 31, 2022, was rolled forward to the next tax year.

Petitioner filed Form 41, *Idaho Corporation Income Tax Return*, covering the period from January 1, 2023, through July 31, 2023. The return was filed May 15, 2024, and showed \$60 total tax liability. The return also showed \$100 in estimated payments and refund roll-forward resulting in a \$40 overpayment to be applied to the next tax year. As explained above, the available refund roll-forward was \$70, not the \$100 claimed. RO issued the Notice currently under protest to reduce the overpayment of \$40 (\$100 – \$60) to \$10 (\$70 – \$60). This \$10 is currently on hold, waiting for the next return to apply against.

Looking at the two returns together and Petitioner’s account as a whole, Petitioner’s total tax liability was \$90 (\$30 from the first return, \$60 from the second). Accrued interest on unpaid tax was \$0.17, leading to total payments required of \$90.17. Total payments received from Petitioner equal \$130.88. This results in overpayment of tax in the amount of \$40.71 (\$130.88 – \$90.17). The Tax Commission has refunded \$30.17 of that overpayment, leaving a balance of \$10 to roll forward after the period ending July 31, 2023.

Based on this analysis, the Tax Commission has determined that the reduction of Petitioner’s refund roll-forward from the period ending July 31, 2023, by \$30 is appropriate and warranted.

² \$100 payment + \$30.88 payment – \$30 tax liability – \$0.17 accrued interest – \$30.17 refund = \$70 overpayment.

Conclusion

Petitioner reported an overpayment amount of \$40. Available information shows this amount should be \$10.

THEREFORE, the Notice dated June 11, 2024, and directed to [REDACTED] is hereby APPROVED and MADE FINAL. As no additional tax is due, there is no demand for payment.

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

DATED this ____ day of _____, 2024.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2024,
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.
