BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)))	DOCKET NO. 0-093-225-984
Petitioners.)))	DECISION

On May 24, 2022, the Income Tax Audit (Bureau) at the Idaho State Tax Commission (Tax Commission) issued a Notice of Deficiency Determination (Notice) to

(Petitioners) for tax years 2016, 2017, 2018, and 2019. On August 11, 2022, the Bureau issued a second Notice increasing the deficiency for tax year 2019.

Petitioners filed a timely appeal and petition for redetermination of the Notice dated May 24, 2022. Petitioners did not dispute the Notice dated August 11, 2022. Petitioners participated in an informal hearing. The primary issue for decision is whether Petitioners qualify for the Idaho research tax credit, which was addressed in the Notice dated May 24, 2022. The Tax Commission has reviewed the file and hereby issues its decision.

Petitioners constructively own 100% of a pass-through entity. The Bureau determined didn't qualify for the Idaho research and development (R&D) tax credit under Idaho Code section 63-3026G for tax year 2016 through 2019. The Bureau passed-through the adjustments to Petitioners' individual income tax returns for the referenced tax years.

¹ A pass-through entity is one in which the tax attributes (income, deductions, losses, credits) of the entity pass through the entity to the owner(s) of the entity for tax purposes.

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In Docket No. 0-698-713-088 the Tax Commission affirmed the Bureau's disallowance of the Idaho R&D tax credit for Therefore, in accordance with the Tax Commission's decision in Docket No. 0-698-713-088, the Tax Commission affirms the Bureau's adjustments to Petitioners' Idaho income tax returns.

The Bureau added interest to the income tax deficiencies. The Tax Commission reviewed the addition, found it to be appropriate per Idaho Code section 63-3045. Interest is calculated through September 25, 2023, and will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid.

THEREFORE, the Notices of Deficiency Determination dated May 24, 2022, and August 11, 2022, and directed to Petitioners is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioners pay the following tax and interest:

YEAR	TAX	<u>INTEREST</u>	TOTAL
2016	\$8,994	\$2,142	\$11,136
2017	7,627	1,566	9,193
2018	15,401	2,502	17,903
2019	16,124	1,858	17,982
			\$56,214

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

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

DATED this _____ day of _____ 2023.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

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by sending the same by United States
eipt No.
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