BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of [redacted] Petitioners.	))))))	DOCKET NO. 0-413-881-344 DECISION

Taxpayer Accounting sent [redacted] (Petitioners) a Notice of Deficiency Determination (Notice) for tax year 2024. Petitioners protested, disagreeing with the removal of the deduction for Idaho Lottery Prizes. The Tax Commission has reviewed the matter and hereby upholds the Notice.

BACKGROUND

Petitioners timely filed their Idaho individual income tax return for 2024. They claimed $8,780 of Idaho Lottery Winnings subtraction on ID Form 39R, line 16. Taxpayer Accounting reviewed the return and sent Petitioners a Notice, removing the deduction because they did not qualify. Petitioners protested, stating they believed they qualified for the deduction and provided copies of their W-2G. Taxpayer Accounting acknowledged their protest and transferred the matter to the Tax Commission's Appeals Unit (Appeals). Appeals sent Petitioners an email on January 12, 2026, and a letter on January 27, 2026, attempting to establish contact. Petitioners did not respond. The Tax Commission must therefore make its decision on the information currently available.

LAW AND ANALYSIS

Idaho Code section 67-7439 states:

> Income taxes shall only be imposed on lottery prizes received from lottery tickets purchased after the effective date of this act. Lottery prizes awarded by the Idaho state lottery under six hundred dollars ($600) shall not be subject to the state income tax. No taxes of any kind whatsoever shall be imposed upon the sale,

> purchase, storage, use or other consumption of Idaho lottery tickets or shares, or upon equipment, devices or systems directly used in the production, operation, sales, distribution, tracking, drawing, accounting, communication of or computation of lottery games.

Petitioners believe the Notice is incorrect because gambling winnings are deductible. While gambling losses might be deductible under an itemized deduction, general slot machine gambling winnings are not. Petitioners won money through a casino slot machine, not an Idaho lottery ticket.

CONCLUSION

Taxpayer Accounting sent Petitioners a Notice disallowing their Idaho Lottery Winnings deduction. Petitioners are not entitled to the deduction because money won from slot machines does not qualify.

THEREFORE, the Notice of Deficiency Determination dated October 17, 2025, directed to [redacted] is hereby AFFIRMED and MADE FINAL.

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

YEAR	TAX	INTEREST	TOTAL
2024	$500	$27	$527

The Tax Commission DEMANDS immediate payment of this amount. Interest is calculated in accordance with Idaho Code section 63-3045.

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

DATED this ________ day of ___________________ 2026.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this ________ day of ________________________________ 2026, 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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