

The Tax Commission held a hearing on the issue where Trust argued its case. The Tax Commission ruled on net operating loss carryforward in its decision on Docket Number 1-817-548-800. In its decision the Tax Commission upheld the Bureau's adjustments for the net operating loss carryforward.

LAW AND ANALYSIS

Depending on the trust, a trust will either distribute its income or loss to its beneficiaries or report and pay the tax through its trustee. In this case, Trust is a simple trust, and it distributes its income to its beneficiary. *See* Internal Revenue Code §§ 651 and 652. Therefore, any changes to Trust's return requires a change on the beneficiary's return.

The Tax Commission changed Trust's Idaho adjusted income because Trust claimed a net operating loss carryforward from a tax year that Trust had no business connection in Idaho. Since Trust's Idaho adjusted income changed, the income distribution to Petitioners changed. Therefore, the Tax Commission denies Petitioners' amended return for tax year 2015, upholds the Bureau's adjustments to Petitioners' 2018 Idaho individual income tax return, and accepts the returns the Bureau prepared for tax years 2016 and 2017.

CONCLUSION

Petitioners are nonresidents of Idaho. Petitioners are the beneficiary of a trust that has income from Idaho sources. As such Petitioners are required to report the distributable net income from Trust that is from Idaho sources. The Tax Commission made an adjustment to Trust's Idaho adjusted income which in turn changed the income distribution to Petitioners. Since Petitioners' income distribution changed, Petitioners' individual income tax returns need to likewise be changed. Therefore, in accordance with the Tax Commission's decision on Docket No. 1-817-548-800, the Tax Commission upholds the adjustments to Petitioners' 2015 and 2018 Idaho income

tax returns and accepts the Bureau's returns for 2016 and 2017 as accurate representations of Petitioners' Idaho taxable income for those years.

The Bureau added interest and penalty to Petitioners' Idaho tax liability. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046. Interest is calculated to December 31, 2021.

THEREFORE, the Notice of Deficiency Determination dated January 12, 2021, and directed to _____ is AFFIRMED.

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

<u>YEAR</u>	<u>REFUND CLAIMED</u>	<u>REFUND ALLOWED</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$65,026	\$0	\$ 0	\$ 0	\$ 0	\$ 0
2016			1,370	343	238	1,951
2017			4,819	1,205	680	6,704
2018			2,550	0	250	<u>2,800</u>
					TOTAL DUE	<u>\$11,455</u>

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 _____ 2021.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2021,
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.
