

LAW AND ANALYSIS

is a Subchapter S Corporation (S-Corp), a flow-through entity. All tax attributes flow-through to Petitioners at the percentage of their distributive share to be taxed at the individual level¹. As a result, any changes to the S-Corp return requires a change in the shareholder's return.

In this case, the Tax Commission changed the credit claimed for research activities in Idaho. Therefore, the Tax Commission makes the same change to Petitioners' 2018, 2019, and 2020 Idaho individual income tax returns.

CONCLUSION

Petitioners are shareholders of an Idaho S-Corp, As such Petitioners are required to report the flow-through items of on their individual income tax return. Because the Tax Commission disallowed the Idaho research credit claimed by Petitioners' individual income tax returns also need to be changed. Therefore, in accordance with the Tax Commission's decision on Docket No. 1-854-194-688, the Tax Commission adjusts Petitioners' individual income tax returns.

The Bureau added interest and penalty to Petitioners' Idaho tax due. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046. Interest is computed to April 17, 2024.

THEREFORE, the Tax Commission AFFIRMS the Notice dated December 6, 2022, directed to

¹ Internal Revenue Code Subchapter S – Tax Treatment of S Corporations and Their Shareholders

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$1,982	\$99	\$383	\$2,464
2019	5,462	273	762	6,497
2020	4,931	247	543	5,721
			TOTAL DUE	<u>\$14,682</u>

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

DATED this _____ day of _____ 2023.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2023,
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.
