BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

Petitioners.

DOCKET NO. 0-482-575-360

DECISION

The Central Processing Bureau (Bureau) at the Idaho State Tax Commission (Tax Commission) issued a Notice of Refund Determination (Notice) to

(Petitioners) for tax year 2021. The Bureau denied Petitioners' \$14,429 refund claim and determined a deficiency of \$1,608. Petitioners filed a timely appeal and petition for redetermination of the Notice.

The issue for decision is the amount of affected business entity (ABE) tax paid by a passthrough entity under Idaho Code section 63-3026B. Petitioners did not request a hearing or submit additional documentation during the appeals process. The Tax Commission has reviewed the file and hereby issues its decision modifying the Notice.

BACKGROUND

Petitioners constructively own 100% of a pass-through entity (PTE). Petitioners claimed a \$17,389 ABE tax paid by the PTE on their e-filed Idaho individual income tax return. The Form ID K-1 submitted with their return did not contain any tax information. The Bureau requested Petitioners provide documentation supporting the credit amount claimed but did not receive a response. The Bureau conducted additional research and found the PTE reported to the Tax Commission it paid ABE tax on behalf of Petitioners in the amount of \$1,352. The Bureau reduced the ABE credit from \$17,389 to \$1,352 and issued a Notice. Petitioners appealed contending they should receive a \$16,037 ABE credit. In support of their position, Petitioners provided a copy of the PTE's S corporation tax return and a copy of a check. (Check No. 288 for \$16,037). The information suggested the PTE paid ABE on behalf of Petitioners of \$16,037. The Bureau transferred the case to the Tax Appeals Unit for review.

Based on the information available, the Tax Commission finds the PTE paid ABE tax on behalf of Petitioners in the amount of \$16,037. It appears the PTE reported the incorrect amount on the Form ID K-1 it submitted to the Tax Commission. This along with Petitioners' submitted Form ID K-1 without any tax information caused confusion for the Bureau. Therefore, the Tax Commission finds Petitioners are due a refund of \$13,077.

THEREFORE, the Notice of Refund Determination dated July 29, 2022 is hereby MODIFIED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

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.