



854-194-688. In its decision, the Tax Commission affirmed the Bureau's adjustment to the Idaho research credit.

### **LAW AND ANALYSIS**

is a Subchapter S Corporation (S-Corp), a flow-through entity. All tax attributes flow-through to Petitioner at the percentage of his distributive share to be taxed at the individual level<sup>1</sup>. 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 Petitioner's 2020 Idaho individual income tax return.

### **CONCLUSION**

Petitioner is a shareholder of an Idaho S-Corp, As such Petitioner is required to report the flow-through items of on his individual income tax return. Because the Tax Commission disallowed the Idaho research credit claimed by Petitioner's individual income tax return also needs to be changed. Therefore, in accordance with the Tax Commission's decision on Docket No. 1-854-194-688, the Tax Commission adjusts Petitioner's individual income tax return.

The Bureau added interest and penalty to Petitioner's 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.

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<sup>1</sup> Internal Revenue Code Subchapter S – Tax Treatment of S Corporations and Their Shareholders

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

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	\$15,024	\$0	\$1,656	\$16,680
			TOTAL DUE	<u>\$16,680</u>

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

An explanation of Petitioner's 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.

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