

ANALYSIS

Petitioner is a Partnership located in Texas with two shareholders - [REDACTED] [REDACTED] and [REDACTED] [REDACTED] – each holding a 50 percent ownership interest.

Petitioner's 2022 Idaho income tax return, Form 65, reported an Idaho net operating loss of \$70,546. Because Petitioner did not make an ABE election for 2022, the Idaho NOL generated in that year passed through to its owners. Accordingly, the \$70,546 Idaho NOL was apportioned 50 percent to each shareholder, [REDACTED] [REDACTED] and [REDACTED] [REDACTED] and reported on their respective 2022 Idaho individual income tax returns, Form 43. As a result, [REDACTED] [REDACTED] Idaho adjusted gross income (AGI) was reduced by \$35,272, which reduced his Idaho income tax due to zero. [REDACTED] [REDACTED] return reflected a comparable reduction to Idaho adjusted gross income with the same tax result.

Since Petitioner's 2022 Idaho NOL was passed through to its owners and utilized on their 2022 individual returns, no portion of the \$70,546 Idaho NOL remained at Petitioner's level to carry forward to 2023. Therefore, the Division correctly disallowed the \$36,879 ABE Idaho NOL carryover claimed on Petitioner's 2023 Idaho return, thereby reducing the refund to \$4,604 for tax year 2023.

CONCLUSION

The Tax Commission finds the Division's adjustment to Petitioner's 2023 return to be accurate and therefore upholds the Notice.

The Notice reduced Petitioner's refund, therefore no DEMAND for payment is made or necessary.

An explanation of Petitioner's 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:

Receipt No.

[REDACTED]

[REDACTED]