

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-662-508-544
██████████ ██████████ ██████████ ██████████)	
)	
Petitioner.)	DECISION
_____)	

██████████ ██████████ ██████████ ██████████ (Petitioner) protested the Notice of Deficiency Determination (Notice) dated May 30, 2024. Petitioner disagreed with the Revenue Operations Division’s (Division) adjustment to their S-Corporation income tax return for tax year 2023. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the Notice for the reasons stated below.

Petitioner filed an Idaho S-Corporation income tax return for tax year 2023, electing to be treated as an affected business entity (ABE). Petitioner did not enter any amounts on the return after line 43, ABE income. Because the return was incomplete, the Division issued a Notice, computing a tax based on Petitioner’s ABE election and the income amount shown on the return. Petitioner protested the Notice, stating S-Corporations do not pay tax. The Division then sent the matter to the Tax Discovery Bureau (Bureau) to help resolve the issue.

The Bureau acknowledged Petitioner’s protest and explained that electing to be an ABE means they are required to pay a tax on behalf of their pass-through owners, per Idaho Code section 63-3026B. In response to the Bureau’s protest acknowledgment letter, Petitioner provided a copy of the pass-through owner’s 2023 Idaho income tax return showing an ABE tax credit of \$1,500. The pass-through owner later amended their 2023 Idaho income tax return, claiming an ABE credit of \$4,098 due to an audit of his individual income tax return by the Tax Commission. The Bureau,

unable to resolve the matter, forwarded the case to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals reviewed the matter and sent Petitioner a letter that discussed the methods available for redetermining a Notice. Petitioner did not respond. Therefore, the Tax Commission issues its decision based on the information available.

Since Petitioner elected to file their S-Corporation return as an ABE for tax year 2023 it is required to pay a tax based on their reported income. Petitioner made a payment of \$1,500. However, based on the 5.8% tax rate and the reported income of \$71,001, the correct amount of tax due is \$4,098, which was claimed on the pass-through owner's amended return. Petitioner has yet to remit the difference of \$2,598.

The Division added interest and penalty to Petitioner's tax deficiency. The Tax Commission reviewed those additions and found them to be appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

THEREFORE, the Notice dated May 30, 2024, and directed to [REDACTED] [REDACTED] [REDACTED] is hereby AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax, penalty, and interest calculated per Idaho Code section 63-3045:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$2,598	\$13	\$237	\$2,848

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 _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2025,
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.
