

shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law and to impose a tax on residents of Idaho measured by Idaho taxable income wherever derived.

Idaho Code section 63-3011B defines the term "taxable income" as federal taxable income as determined in the Internal Revenue Code.

Idaho Code section 63-3011C defines the term "Idaho taxable income" as taxable income as modified pursuant to the Idaho adjustments specifically provided for in the Idaho income tax act.

Treasury Regulation section 1.446-1 requires all items that constitute gross income to be included in gross income in the tax year in which the item is actually or constructively received.

However, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) section 2202(a)(5)(A) provides any amount of a coronavirus-related distribution that is includible in gross income for a tax year must be included ratably over the three-year period beginning with the tax year the distribution is received. However, taxpayers may elect not to have this provision apply for any tax year.

CARES Act section 2202(a)(5)(B) provides for purposes of this ratable inclusion provision, rules similar to those of Internal Revenue Code section 408A(d)(3)(e), regarding eligible retirement plan distributions rolled over to Roth IRAs, apply.

PETITIONER'S POSITION

Petitioner disagreed with the Bureau's determination and filed a timely appeal. Petitioner's accountant provided the following statement:

Taxpayer, [Petitioner], took a \$100,000 distribution from his IRA in 2020 while he was a full-year Washington resident. The \$100,000 IRA distribution was taxed as a Coronavirus Disaster Distribution with the \$100,000 income spread over three years and reported on Form 8915-F on his federal return at \$33,333 per year. None of the \$33,333 income (\$100,000 received in 2020) reported on his 2021 federal

return was received while the taxpayer lived in Idaho and should not be subject to Idaho income tax.

DECISION

The income in question is taxable to Idaho. As stated in Idaho Code section 63-3002, Idaho taxable income is to be identical to federal taxable income subject only to modifications contained in Idaho law. There is no provision in the Idaho Income Tax Act allowing Petitioner to exclude or deduct the income in question.

As stated above, for purposes of this ratable inclusion provision, rules similar to those of IRC section 408A(d)(3)(e), regarding eligible retirement plan distributions rolled over to Roth IRAs, apply. In Docket No. 17813, the Tax Commission found a nonresident who received a distribution, elected to have the income taxed over four years, and then became a resident of Idaho; was required to include the distribution in Idaho taxable income. In support of its decision, the Tax Commission quoted *Idaho State Tax Com'n v. Stang*, 135 Idaho 800, 25 P.3d 113 (2001). The Tax Commission follows the same reasoning in the current case.

Petitioner is essentially arguing that the Tax Commission should calculate federal adjusted gross income in accordance with the CARES Act section 2202(a)(5)(A) for federal income tax purposes. However, the Tax Commission should calculate federal adjusted gross income in accordance with Treasury Regulation section 1.446-1 for Idaho income tax purposes. The Idaho Income Tax Act does not permit this.

Therefore, the Tax Commission must uphold the Bureau's determination that the coronavirus-related distribution Petitioner reported for federal income tax purposes, he must also report to Idaho.

THEREFORE, the Notice of Deficiency Determination dated September 28, 2022 is hereby APPROVED, AFFIRMED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$1,593	\$59	\$1,652

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.
