

return, a 2022 Form 1099-R from Fidelity Investments showing gross income from [REDACTED] [REDACTED] 401(k) retirement savings, along with the following additional statement:

The examiner says I should not declare the pension or disability I received from my 401k on Form 1099-R, of which I am sending you a copy, noting that it was reported as is and classified as a qualified plan. Upon receiving the amount, the corresponding payments were made to the state and federal authorities, so where do you get what I owe? The account I established and paid for over many years never received any support from the state, and now it wants to benefit from my efforts and work.

The Bureau acknowledged receipt of the protest and forwarded the case to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals sent Petitioners a letter that discussed their options for redetermining a Notice of Deficiency Determination. Petitioners did not respond. Seeing that Petitioners had opportunity to provide additional information but failed to do so, the Tax Commission decided the matter based on the information available.

LAW AND ANALYSIS

Idaho Code section 63-3002 states it is the intent of the legislature by the adoption of this act, insofar as possible to make the provisions of the Idaho act identical to the provisions of the Federal Internal Revenue Code relating to the measurement of taxable income, to the end that the taxable income reported each taxable year by a taxpayer to the Internal Revenue Service shall be the identical sum reported to this state, subject only to modifications contained in the Idaho law.

Idaho Code section 63-3022A provides for a deduction of certain retirement benefits. To qualify, the individual receiving the retirement income must be age 65 or older, or age 62 and classified as disabled. In addition, the retirement income must be paid by the United States of America to a retired civil service employee; by the firemen's retirement fund of the state of Idaho to a retired fireman; by the policemen's retirement fund of a city within Idaho to a retired

policeman; or by the United States of America to a retired member of the military services of the United States.

Petitioners correctly entered their federal adjusted gross income on their Idaho Form 40. Petitioners then adjusted their Idaho income by removing Mrs. [REDACTED] 2022 1099-R distribution of \$47,805.93 claiming the Qualified Retirement Benefits deduction on Form 39R. The distribution Mrs. [REDACTED] received in 2022 is clearly from a retirement plan that she contributed to throughout her employment. However, the retirement income she received was not paid to her as a retired civil service employee, as a retired fireman, as a retired policeman or as retired member of the military. The income does not meet the requirements for the Idaho retirement benefits deduction according to Idaho Code section 63-3022A and is subject to Idaho income tax.

CONCLUSION

Therefore, the Tax Commission agrees with the Bureau’s adjustment to Petitioners’ 2022 Idaho income tax return. Petitioners are not entitled to a retirement benefits deduction.

THEREFORE, the Tax Commission AFFIRMS the Notice of Deficiency Determination dated April 30, 2025, directed to [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] ([REDACTED])

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$2,050	\$103	\$256	\$2,409

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

An explanation of Petitioners’ 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.
