

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| | | |
|---|---|--------------------------|
| In the Matter of the Protest of |) | |
| |) | DOCKET NO. 0-875-701-248 |
| |) | |
| Petitioners. |) | DECISION |
| <hr style="width: 45%; margin-left: 0;"/> |) | |

(Petitioners) protested the Notice of Refund Determination (Notice) issued by the Tax Commission’s Revenue Operations division dated June 14, 2023. The Tax Commission has reviewed the matter and hereby issues its final decision to uphold the Notice. This means Petitioners need to pay \$23,383 in tax, penalty, and interest. The Tax Commission DEMANDS immediate payment of this amount.

Background

Petitioners filed their 2022 individual income tax return showing “Form 51 estimated payments and amount from 2021 return” of \$30,915. Revenue Operations sent a letter requesting copies of checks or electronic confirmation showing estimated payments made to the Tax Commission for tax year 2022. Petitioners responded to this letter with images of a \$30,915 check written to and deposited by the Idaho State Tax Commission (check number 9797 dated December 27, 2022) along with evidence that the check had been processed by their bank and the funds withdrawn.

Revenue Operations issued the Notice reducing the total of estimated payments shown on the return to \$0 and stating, “We completed your return based on the information you provided,” “You can’t claim the amount used to pay a prior year’s tax as an estimated or extension payment on this year’s return,” and “We changed the amount of credit to next year’s estimated tax to reflect the changes we made on your return.” Revenue Operations received a protest of the Notice from a third

party stating, “You do not show the payment of \$30,915 as being received” and requesting cancellation of the Notice in full. Accompanying this request was another copy of check number 9797 described above.

Revenue Operations sent Petitioners a letter acknowledging the protest and stating that the case would be forwarded to the Tax Commission’s Appeals unit (Appeals) for administrative review. Appeals sent Petitioners a letter reviewing the facts of the protest and detailing the financial transactions that occurred regarding this payment. The letter also explained the alternatives available for redetermining a protested Notice. Petitioners did not respond to the letter. Therefore, the Tax Commission decided this matter based on information currently available.

Analysis

A proper decision in this case required a review of not only payment records, but also Petitioners’ 2021 and 2022 Idaho income tax returns. Petitioners filed their 2021 Idaho tax return in September 2022. They owed an additional \$25,921 in tax after applying credits and payments. The return also reported self-assessed penalty and interest of \$4,994, bringing the total due to \$30,915. Petitioners mailed a check for this amount (numbered 9763 and dated September 28, 2022). Accompanying this check was a voucher indicating the payment was for individual income tax for tax year 2021. While processing Petitioners’ 2021 return, the Tax Commission updated penalty and interest, reducing the total due. Since Petitioners paid \$30,915, this resulted in an overpayment for tax year 2021 of \$1,523.43.

Petitioners sent the second \$30,915 check (number 9797) with a voucher containing the exact information from the one that accompanied check number 9763. The Tax Commission processed the check based on the voucher and applied it to tax year 2021. Petitioners had already satisfied all prior tax liability for 2021, so this resulted in another overpayment for tax year 2021 of \$30,915.

The two overpayments for tax year 2021 totaled \$32,438.43. The Tax Commission sent Petitioners three checks (\$1,218.39; \$29,685.96; \$1,543.08) totaling this same amount. All three checks were redeemed. Because the \$30,915 from check number 9797 was applied to 2021 and the full amount was refunded to Petitioners, it was not available to be claimed as an estimated payment for tax year 2022.

Conclusion

The Tax Commission has confirmed that records reflect \$0 of estimated payments available to be claimed on Petitioners' Idaho income tax return for tax year 2022 and finds that the determination by Revenue Operations is correct. Petitioners have no overpayment remaining to carry forward and apply to their 2023 estimated tax.

THEREFORE, the Notice dated June 14, 2023, and directed to
is hereby APPROVED and MADE FINAL.

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> |
|-------------|------------|----------------|-----------------|--------------|
| 2022 | \$21,974 | \$549 | \$890 | \$23,383 |

Interest is calculated through January 29, 2024,

An explanation of Petitioners' 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.
