



In response to the billing letter, Mr. [REDACTED] contacted Audit via telephone and stated he is now divorced. Mr. [REDACTED] expressed his concerns regarding the audit. Mr. [REDACTED] also expressed concerns regarding the accuracy of the filed tax return. Audit also received a separate telephone call from Ms. [REDACTED] who stated they relied on a representative from “TurboTax” the software provider used to file their tax return. Ms. [REDACTED] stated that she plans to contact TurboTax for assistance in resolving this matter. As a result of the conversations with Petitioners, Audit discovered additional discrepancies.

Therefore, in addition to the denial of the aforementioned claim of right credit, Audit’s Notice to Petitioners made the following adjustments: removal of duplicate W-2 wages, removal of an addback of \$38,000 for the purchase of a 5th wheel trailer, denial of the credit for contributions to education entities, and denial of the credit for dependents age sixty-five and older. During its review, Audit noted Petitioners made an election to designate a portion of the refund shown on their original return, \$19,727, to trust funds. Audit did not make any adjustments regarding the donations because they did not violate Idaho Code.

Petitioners protested stating the donations claimed were erroneously added by TurboTax when they filed the return. Petitioners stated that their tax software TurboTax incorrectly entered their North Carolina donation amounts on their Idaho return. Petitioners included in their protest a letter addressed to them from TurboTax which stated, “Because of an error in a TurboTax calculation, you may have overstated your charitable contribution deduction on your North Carolina tax return.” Audit accepted Petitioners’ protest and transferred the matter to the Commission’s Tax Appeals Unit (Appeals) for administrative review.

Appeals sent Petitioners a letter containing two methods for redetermining a protested Notice. Petitioners did not respond to the redetermination letter, nor did they provide any additional information. The Commission decided the matter based upon available information.

## LAW AND ANALYSIS

Idaho Code section 63-3067A allows an individual who has a refund due and payable to designate all or any portion thereof to a trust account. Idaho Income Tax Administrative Rule 860 states that a donation to a trust account may not be withdrawn or reduced once the return or amended return on which it was made is filed.

In this case, Petitioners filed their 2020 Idaho return, which showed a refund prior to adjustments made by Revenue Operations of \$19,727, requesting that donations be made to the following trust accounts: Idaho Nongame Wildlife Fund, Idaho Foodbank Fund, and the Veterans Support Fund.<sup>2</sup> The Commission honored Petitioners' request and the donations were distributed to their respective funds. The donations cannot be reversed. If this was truly something that was done behind the scenes in TurboTax, Petitioners' dispute is with TurboTax, not the Commission.

Although Petitioners only protested their donation amounts, the Commission finds it appropriate to address the adjustments made by Audit. Idaho Code sections 63-3022F and 63-3029F allow a credit on the Idaho return for amounts repaid by a taxpayer on income previously reported under a claim of right. To claim the Idaho credit, you must have: (a) claimed a federal credit under the Internal Revenue Code, and (b) paid Idaho tax in a prior year(s) on the income that you repaid. Petitioner did not claim the federal credit; therefore, Petitioner was disallowed the Idaho credit.

Idaho Code section 63-3002 states in part that, the provisions of the Idaho income tax act, insofar as possible, are to be identical to the Internal Revenue Code relating to the measurement of taxable income, subject to the modifications in Idaho law. In this case Audit removed duplicate

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<sup>2</sup> \$1,200 Idaho Nongame Wildlife Fund, \$1,500 Idaho Foodbank Fund, \$1,500 Veterans Support Fund.

W-2 wages. Audit also removed Petitioners' addback of \$38,000 for the purchase of a 5th wheel trailer that was not required.

Idaho Code section 63-3025D allows a credit for an individual who maintains a household, which includes as an immediate member of the family residing in that household individuals sixty-five (65) years of age or older. Audit denied Petitioners this credit because their dependent was deceased prior to 2020.

### CONCLUSION

The Commission agrees with Audit's adjustments and the issuance of the Notice. Audit made numerous adjustments to Petitioners' return, but they chose to only protest the donations they claimed on their return which were not adjusted by Audit. Petitioners stated in their protest the donations in question were added to their return erroneously by the TurboTax software they used. Donations once made cannot be reversed. The Commission honored Petitioners' request and the donations were distributed to their respective funds.

Petitioners' original return showed a refund of \$19,727. The adjustment removing the unsubstantiated estimated payment reduced their refund to \$876. The audit adjustments to Petitioners' return and the designated donations to the trust funds together result in an amount owed by Petitioners.

Based on the protest Petitioners' issue is not with the Commission but with TurboTax. Therefore, the Commission upholds the Notice issued to Petitioners.

Audit added interest to Petitioners' income tax liability. The Commission reviewed this addition and found it appropriate and in accordance with Idaho Code section 63-3045.

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.

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