

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-190-142-976
)	
Petitioner.)	DECISION
<hr style="width: 45%; margin-left: 0;"/>)	

(Petitioner) protested the Notice of Refund Determination (Notice) dated May 15, 2023. The Tax Commission reviewed the matter and hereby issues its final decision to uphold the Notice. This means Petitioner’s refund for tax year 2022 is reduced. As no additional tax is due, the Tax Commission makes no demand for payment.

Background

Petitioner filed an Idaho income tax return for tax year 2022, reporting himself as a nonresident with no Idaho income but claiming \$4,253 in Idaho withholding. On April 28, 2023, the Tax Commission’s Revenue Operations Division (RO) sent Petitioner a letter asking for documentation regarding his wages. On May 9, 2023, Petitioner provided a copy of his W-2 from showing \$84,559.53 of state wages, along with this statement: “Lived in Washington. Worked in Idaho. Washington does not have state tax.”

RO issued the Notice on May 15, 2023, to correct the amount of Idaho wages, taxable income, tax, and refund. Petitioner responded to the Notice on June 7, 2023, providing another copy of his W-2, a copy of his Washington driver’s license, and this statement:

“I was not a resident of Idaho during the tax period. I lived in Washington but was working in Idaho. Washington does not have an individual income tax and the taxes withheld were that of a resident of the state of Idaho. Attached are my state issued driver’s license and federal W2, both of which state that I was not a resident of the state [of] Idaho during the tax period and therefore should not be subject to these specific state taxes.”

On June 9, 2023, RO sent a letter acknowledging the protest and informing Petitioner that the matter was being forwarded to the Tax Commission's Appeals unit (Appeals) for administrative review.

On July 3, 2023, Appeals sent Petitioner a letter explaining how his wages would be taxable in Idaho and outlining two options for redetermining a protested Notice. Petitioner did not respond to this letter. Appeals sent Petitioner a follow-up email on August 16, 2023, and received a response the same day which included the following: "I was under the impression that because during 2022 although I was living in Washington I was working in Idaho and therefore subject to the Idaho income tax. Is that correct?" Appeals replied with information about how Idaho taxes nonresidents and requested additional information about where he worked (in which state). Petitioner did not respond. Appeals sent a final email on August 23, 2023, requesting a response by September 1, 2023. Again, Petitioner did not respond. Therefore, the Tax Commission decided this matter based on the information currently available.

Law and Analysis

Idaho Code section 63-3002 states that the intent of the legislature is to impose a tax on the Idaho taxable income of nonresidents which is the result of activity within or derived from sources within the state. Idaho Code section 63-3014 defines the term "nonresident." Idaho Code section 63-3026A describes how Idaho taxable income is calculated for nonresident individuals.

Petitioner claims to have been a resident of Washington for tax year 2022. The Tax Commission has not found any evidence to contradict this statement and has determined that he was in fact a nonresident of Idaho.

Idaho taxes nonresidents on Idaho source income, which includes wages earned for personal services performed within the state. Petitioner's W-2 was issued by

which has its headquarters in Coeur D’Alene, Idaho, but does not specify a state in Box 15. However, records submitted to the Tax Commission and the Idaho Department of Labor by _____ show that Petitioner earned all his wages from working in Idaho and that the employer remitted Idaho withholding on his behalf. All the wages Petitioner reported on his federal tax return were earned from working at _____ According to Petitioner’s own statement, he worked in Idaho; he makes no mention of working in another state during 2022. Based on available information, all of Petitioner’s wages reported on Form W-2 for tax year 2022 are taxable in Idaho.

Therefore, the Tax Commission determined that the corrections shown on the Notice are appropriate and that Petitioner was due a refund for tax year 2022 of \$178 instead of \$4,243.

Conclusion

Petitioner was a nonresident of Idaho who worked in Idaho during tax year 2022. As such, he must report his Idaho wages on his state tax return. Petitioner’s requested refund must be reduced.

THEREFORE, the Notice dated May 15, 2023, and directed to _____ is hereby UPHeld and MADE FINAL.

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.
