



The Tax Commission held a hearing on the issue where the S-Corp argued its position. The Tax Commission's decision on Docket Number 2-117-100-544 affirmed the Bureau's adjustment to the Idaho research credit.

### **LAW AND ANALYSIS**

██████████ is a Subchapter S Corporation (S-Corp), a flow-through entity. All the S-Corp's tax attributes flow-through to Petitioners at the percentage of their distributive share to be taxed at the individual level<sup>1</sup>. As a result, any changes to the S-Corp return requires a change to the shareholder's return.

In this case, the Tax Commission changed the amount of credit the S-Corp claimed for research activities in Idaho. Therefore, the Tax Commission makes the same change to Petitioners' 2020, 2021 and 2022 Idaho individual income tax returns.

### **CONCLUSION**

The Tax Commission adjusts Petitioners' individual income tax returns in accordance with the Tax Commission's decision on Docket No. 2-117-100-544. The Bureau added interest and penalties to Petitioners' Idaho tax due. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046.

THEREFORE, the Tax Commission AFFIRMS the Notice dated December 5, 2023, directed to ██████████

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<sup>1</sup> Internal Revenue Code Subchapter S – Tax Treatment of S Corporations and Their Shareholders

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

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	\$29,796	\$0	\$2,586	\$32,382
2021	106,669	16,000	9,077	131,746
2022	31,589	0	(874)	30,715
Less: Refund Held				<u>(54,702)</u>
TOTAL DUE				<u><u>\$140,141</u></u>

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:

[REDACTED]

Receipt No.

\_\_\_\_\_  
\_\_\_\_\_

[REDACTED]