

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 1-405-821-952
	)	
Petitioner.	)	DECISION
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(Petitioner) protested the Notice of Refund Determination (Notice) dated May 5, 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 \$1,305 in Idaho withholding. On March 23, 2023, the Tax Commission’s Revenue Operations Division (RO) sent Petitioner a letter asking for documentation regarding his wages. Petitioner did not respond to this letter.

RO issued the Notice on May 5, 2023, to correct the amount of Idaho wages, taxable income, tax, and refund based on information available at the time. Petitioner responded to the Notice on June 27, 2023, providing a printed copy of his Idaho income tax return for tax year 2022 (which showed no changes from the original, electronically-filed return), copies of two W-2s, and this statement: “I am protesting under the reason ‘We didn’t receive the copies of all your W-2s, 1099s, or pay stubs that we requested to verify your income tax withholding amount.’ . . . Rather than an informal hearing, I am opting for the written request for the issuing of the decision.”

On July 14, 2023, the Tax Commission’s Tax Discovery Bureau (Bureau) spoke with Petitioner about his return and explained that his income is taxable in Idaho even though he is a

nonresident. Petitioner indicated that he would have his accountant correct the return. On July 25, 2023, the Bureau sent a letter acknowledging Petitioner’s protest and reminding Petitioner to submit a corrected return. Petitioner did not submit a corrected return, so the matter was forwarded to the Tax Commission’s Appeals unit (Appeals) for administrative review.

Petitioner opted for the issuance of a decision rather than engaging in a hearing or providing additional information. 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 not to have been a resident of Idaho for tax year 2022. The Tax Commission has not found any evidence to contradict this statement. Idaho taxes nonresidents on Idaho source income, which includes wages earned for personal services performed within the state. Petitioner received W-2s from three employers: \_\_\_\_\_ in \_\_\_\_\_ Montana; \_\_\_\_\_ in \_\_\_\_\_ Idaho; and \_\_\_\_\_ in \_\_\_\_\_ Idaho.

Records submitted to the Tax Commission and the Idaho Department of Labor by \_\_\_\_\_ and \_\_\_\_\_ show that Petitioner earned all his wages from working in Idaho and that the employers remitted Idaho withholding on his behalf. The W-2s Petitioner provided confirm this.

As part of reviewing the return, the Bureau contacted \_\_\_\_\_ and \_\_\_\_\_ and confirmed that they operate only within the state of Idaho. The Tax

Commission determined that the wages reported on these Forms 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 \$152 instead of \$1,295.

**Conclusion**

Petitioner was a resident of another state 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.

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