

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-414-431-744
)	
)	
Petitioner.)	DECISION
_____)	

(Petitioner) protested the Notice of Deficiency Determination (Notice), issued June 17, 2022, by the Tax Discovery Bureau (Bureau). Petitioner disagreed with taxation of a 1971 Piper Aircraft Model PA-28-140 with registration and serial number - (Aircraft) in Idaho. The Idaho State Tax Commission (Commission) reviewed the matter and hereby modifies the Notice.

Background

The Bureau received information from the Federal Aviation Administration about the Aircraft, which was registered by Petitioner, who is an Idaho resident. The Bureau contacted Petitioner requesting purchase information on the Aircraft. No response was received.

The Bureau issued the Notice asserting \$4,233 of tax, interest, and penalty on the Aircraft. This amount was based on valuing the Aircraft at \$55,000, as suggested in the Winter 2021 Aircraft Blue Book Price Digest for similar makes and models. Petitioner protested the Notice stating the taxes were paid at the time of purchase to the state of Kansas and the value the Bureau used to calculate the Notice was overstated. The Bureau acknowledged Petitioner's protest and requested information on any sales or use tax paid at the time of purchase of the Aircraft. Petitioner provided a bank statement showing a wire transfer of \$41,500. The Bureau transferred the case to the Commission's Appeals Unit (Appeals). Appeals contacted Petitioner to ask if they would like to schedule an informal hearing but received no response.

Relevant Tax Code and Analysis

Idaho Code section 63-3621 imposes use tax on all tangible property brought into Idaho unless an exemption applies. The use tax is complementary to the sales tax, which imposes tax on the retail sale of tangible personal property within Idaho. If the seller of goods fails to, or cannot, charge sales tax and no exemption applies, the buyer is obligated to pay a use tax directly to the state.

Petitioner purchased the Aircraft in Kansas and failed to provide specific sales information, such as an invoice, showing sales tax was paid at the time of purchase. Idaho Code Section 63-3621(1) states:

An excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property acquired on or after October 1, 2006, for storage, use, or other consumption in this state at the rate of six percent (6%) of the value of the property, and a recent sales price shall be presumptive evidence of the value of the property unless the property is wireless telecommunications equipment, in which case a recent sales price shall be conclusive evidence of the value of the property.

Although the Aircraft was purchased in Kansas, it was brought to and is hangered in Idaho. The Aircraft being hangered in Idaho shows its storage in the state. The Commission reviewed the bank statements provided and determined they were reasonable “presumptive evidence,” for the sales price of the Aircraft as \$41,500.

Idaho Code Section 63-3622GG discusses tax exemptions applicable to aircraft:

AIRCRAFT. There is exempted from the taxes imposed by this chapter:

(1) The sale, lease, purchase, or use of aircraft primarily used to provide passenger or freight services for hire as a common carrier only if:

- (a) The person operates the aircraft under the authority of the laws of this state, the United States or any foreign government; and
- (b) The aircraft is used to provide services indiscriminately to the public; and
- (c) The aircraft itself transports the person or property from one (1) location on the ground or water to another.

- (2) The sale, lease, purchase or use of aircraft primarily used for air ambulance services.
- (3) The sale, lease or purchase of aircraft for use outside this state by nonresidents, even though delivery be made within this state, but only when:
 - (a) The aircraft will be taken from the point of delivery to a point outside this state;
 - (b) The aircraft will not be used in this state more than ninety (90) days in any twelve (12) month period.

Petitioner presented no evidence to show the Aircraft qualified for any tax exemption.

IDAPA 35.01.02.111.01 discusses the requirements for providing records:

Every retailer doing business in this state and every buyer storing, using, or otherwise consuming in this state tangible personal property will keep complete and adequate records as may be necessary for the Commission to determine the amount of sales and use tax for which that person is liable under Title 63, Chapter 36, Idaho Code.

Based on the information available, the Commission modified the Notice prepared by the Bureau to represent the actual sales price of the Aircraft and calculated Petitioner's use tax liability for October 1, 2021 through October 31, 2021.

Interest is calculated through August 30, 2023 and will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid in full.

THEREFORE, the Notice of Deficiency Determination is hereby APPROVED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax and interest:

<u>TAX</u>	<u>INTEREST</u>	<u>PENALTY</u>	<u>TOTAL</u>
\$2,490	\$163	\$623	\$3,276

DEMAND for immediate payment of the foregoing amount is hereby made and given.

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.
