

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-440-154-624
)	
)	
Petitioners.)	DECISION
_____)	

INTRODUCTION

This case arises from a timely protest of a Notice of Deficiency Determination (Notice) issued to (Petitioners) for taxable years 2018 through 2020. The Idaho State Tax Commission (Commission) after a review of the matter upholds the Notice issued to Petitioners.

THEREFORE, the Notice dated March 15, 2022, and directed to Petitioners is AFFIRMED.

IT IS ORDERED that Petitioners pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	450	23	64	\$537
2019	1,099	55	103	1,257
2020	2,711	136	162	<u>3,009</u>
				<u>\$4,803</u>

Interest is computed through April 24, 2023.

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

The Commission upholds the Notice for the reasons discussed below.

BACKGROUND

The Income Tax Audit Bureau (Audit) during a routine screening of income tax returns, selected Petitioners' Idaho individual income tax returns for review. Audit's review of the returns revealed errors. Audit found that for tax years 2018 through 2020, Petitioners claimed the Idaho investment tax credit (ITC) on various pieces of farm equipment. Audit also noted that Petitioners

did not file a return reporting an agricultural business. Audit adjusted Petitioners' return denying them the ITC and issued them a Notice which showed the tax effect of the denial. Petitioners protested and stated, "I disagree with this determination. We purchased equipment and material to be used on our six acres for agricultural purposes. It has been put into service and used every year to take care of our six acres since purchasing it." Audit accepted Petitioners' protest and transferred the matter to the Commission's Tax Appeals Unit (Appeals) for an 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 63-3029B allows ITC on Idaho income tax returns for qualified investments made during the tax year. The investment must be for property that has a useful life of three years or more, be property that is allowed to depreciate or amortize, and be used in Idaho in a trade or business which is an activity carried on for a livelihood or in good faith to make a profit. Petitioners were denied the ITC because the Commission does not have any records of them filing an income tax return reporting an agricultural business where the farm equipment is being depreciated.

CONCLUSION

Petitioners are protesting the denial of the ITC. Petitioners have not provided any evidence that they are operating a trade or business to make a profit. The Commission upholds the Notice issued to Petitioners. The Commission requires Petitioners to provide adequate evidence to establish the amount asserted in the Notice is incorrect. Petitioners did not provide adequate evidence.

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.
