BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protes	st of)))	DOCKET NO. 1-567-736-832
	Petitioner.)	DECISION

(Petitioner) protested the Notice of Refund Determination dated February 7, 2023. Petitioner disagreed that there were no pass-through tax credits, and he was unaware of any changes made to his 2020 carryover estimated payments. The Tax Commission reviewed the matter and upholds the modified Notice of Refund Determination.

BACKGROUND

Petitioner filed his 2021 Idaho individual income tax return claiming pass-through entity withholding and estimated payments from a carryover credit from his 2020 Idaho income tax return. During processing, Petitioner's 2021 return was identified as one with potential errors. Taxpayer Accounting reviewed Petitioner's return and found that the Tax Commission's records did not match Petitioner's claimed carryover estimated payments from 2020, and that Petitioner's pass-through withholding could not be verified. Taxpayer Accounting sent Petitioner a letter asking for information on the pass-through withholding and his estimated tax payments. Petitioner did not respond. Taxpayer Accounting corrected Petitioner's return correcting the carryover payments and disallowing the pass-through withholding. Taxpayer Accounting sent Petitioner a Notice of Refund Determination that he protested.

Petitioner provided documentation and additional information regarding the pass-through withholding. Petitioner also stated he applied the overpayment of tax as listed on his copy of his

2020 Idaho income tax return. Petitioner stated he was unaware of any changes the Tax Commission might have made to his carryover payment.

Taxpayer Accounting reviewed the pass-through withholding information Petitioner provided and was able to verify the withholding amount claimed. Taxpayer Accounting modified the Notice of Refund Determination allowing the pass-through withholding but made no change to the carryover estimated tax payment. Taxpayer Accounting sent Petitioner a modified Notice of Refund Determination and asked if he wanted to continue his protest. Petitioner did not respond, so Taxpayer Accounting acknowledged Petitioner's protest and referred the matter to the Tax Commission's Appeals Unit (Appeals).

Appeals sent Petitioner a letter explaining the correction to the carryover estimated tax payment and asked how he wanted to proceed with his protest. Petitioner did not respond. Seeing that Petitioner had an opportunity to present his position, the Tax Commission decided the matter based upon the information available.

ANALYSIS AND FINDINGS

When Petitioner filed his 2019 Idaho individual income tax return there was an error in that he reported taxable income but no tax on that income. The Tax Commission corrected that error and sent notice to Petitioner of the change. The correction to Petitioner's 2019 return reduced the amount of the carryover estimated tax payment to Petitioner's 2020 Idaho income tax return.

Petitioner filed his 2020 Idaho individual income tax return but did not account for the correction the Tax Commission made to his carryover estimated payment from 2019. Petitioner reported an overpayment of tax in 2019 of \$4,372. However, after the Tax Commission corrected Petitioner's 2019 return, Petitioner's overpayment was reduced to \$1,863. Petitioner owed no tax for 2020, so his estimated tax payment carryover continued to be \$1,863. Even though Petitioner

owed no additional tax for 2020, he did request that his refund be applied as an estimated tax payment for tax year 2021. Since the Tax Commission reduced his estimated tax payment carryover, the Tax Commission sent Petitioner a letter notifying him of the reduction.

When Petitioner filed his 2021 Idaho individual income tax return, he reported/ claimed the same estimated tax payment carryover from 2019 (\$4,372). Petitioner did not account for the change made to his 2019 return. Therefore, when Petitioner's 2021 return went through processing it was identified as a return with an error because the estimated tax payment did not match the Tax Commission's records.

Petitioner made no additional estimated tax payments for either tax year 2020 or 2021. Because Petitioner did not adjust the estimated tax payment from the prior tax years when notified by the Tax Commission, his 2021 estimated tax payment is overstated. Therefore, the adjustment to Petitioner's estimated tax payment must be upheld.

CONCLUSION

Petitioner filed his 2021 Idaho income tax return claiming a pass-through entity withholding credit and a carryover estimated tax payment from tax year 2020. Petitioner provided information that enabled the Tax Commission to verify the withholding credit but failed to show any additional estimated tax payments other than the carryover payment from 2020. Because the 2020 overpayment was reduced in the previous tax year, Petitioner had a smaller estimated tax payment to be applied to tax year 2021. Accordingly, the Tax Commission must uphold the adjustment to Petitioner's 2021 estimated tax payment.

THEREFORE, the Tax Commission AFFIRMS as MODIFIED the Notice of Refund Determination dated March 13, 2023, directed to

	Since the Tax C	Commission REDU	CED Petitioner's refund, an ORDER for payment is n	ot
necess	sary.			
	An explanation	of Petitioner's righ	at to appeal this decision is enclosed.	
	DATED this	day of	2023.	
			IDAHO STATE TAX COMMISSION	

CERTIFICATE OF SERVICE

I hereby certify that on this a copy of the within and foregoing DEC mail, postage prepaid, in an envelope add	ISION was served by sendi	ng the same by United States
	Receipt No.	