

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

In the Matter of the Protest of )  
 )  
 , ) DOCKET NO. 1-861-166-080  
 )  
 Petitioner. ) DECISION  
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 \_\_\_\_\_ )

(Petitioner) protested the Notice of Refund Determination (Notice) dated June 26, 2023. Petitioner disagreed with the Revenue Operations Division’s (Division) reduction of her refund for tax year 2022, stating she should receive all the withholding paid to Idaho. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the Notice for the reasons stated below.

**BACKGROUND**

Petitioner filed a part-year resident Idaho individual income tax return for tax year 2022. Petitioner’s return reported her as an Idaho resident for three months, no taxable income, and \$668 of Idaho withholding.

During the processing of Petitioner’s return, it was identified as a return with a possible error. The Division reviewed Petitioner’s return and found the income claimed did not match information available. The Division sent a letter asking for copies of Petitioner’s W-2s and 1099s to verify income and withholding. Petitioner provided a copy of her W-2. The W-2 shows federal wages of \$51,052.57, Montana wages of \$35,710.97, and Idaho wages of \$15,341.60. After adding Petitioner’s Idaho wages to her return the Division sent a Notice reducing Petitioner’s refund.

Petitioner protested stating she worked and lived in Montana since April 2022 and her state withholding was paid to Montana, not Idaho. Petitioner provided twenty-one pay stubs beginning with April 2, 2022, to show she was living in Montana. Petitioner continued by stating she should

receive the full refund claimed on her Idaho return. The Division forwarded the case to the Tax Discovery Bureau (Bureau) for review of Petitioner's residency status.

The Bureau sent Petitioner a letter acknowledging her protest, explaining that as a part-year resident she needs to include her Idaho income on her return, and informing her of the possibility of receiving a credit for taxes paid to Montana. The Bureau and Petitioner conversed several times and Petitioner provided copies of her W-2 and Montana income tax return. The Bureau determined from this information that Petitioner needed to file a corrected Idaho income tax return claiming \$15,341 for Idaho source income and that she was not eligible for the credit for taxes paid to another state since she did not include her Idaho income on her Montana return. The Bureau forwarded the file to the Tax Commission's Appeals Unit (Appeals) when Petitioner did not withdraw her protest or provide an amended return.

Appeals reviewed the matter and sent Petitioner a letter discussing alternatives for redetermining a protested Notice. Petitioner did not request a hearing but she did provide an amended 2022 Idaho income tax return reporting Idaho wages of \$10,163. This amended return was not accepted since it was missing \$5,178 of Idaho source income. Petitioner has had ample time to provide a correct 2022 Idaho individual income tax return. Therefore, the Tax Commission will issue a decision based on the current information available.

### **LAW AND ANALYSIS**

Idaho Code section 63-3026A states for part-year resident individuals, trusts, or estates the term "Idaho taxable income" includes the total of: (a) Idaho taxable income as computed for a resident for the portion of the tax period which a taxpayer is domiciled in or is residing in Idaho, plus (b) those components of Idaho taxable income which are derived from or related to sources within Idaho for that portion of the tax period during which a taxpayer is not domiciled in and is

not residing in Idaho. Petitioner filed her 2022 Idaho individual income tax return reporting \$0 income for the three months she was an Idaho resident and claiming \$668 of Idaho withholding. Later Petitioner filed an amended return only claiming part of her Idaho wages.

In Idaho, it is well established that a Tax Commission Notice is presumed to be correct, and the taxpayer bears the burden of showing the deficiency is erroneous. See *Parsons v. Idaho State Tax Commission*, 110 Idaho 572, 574-575 n.2 (Ct. App. 1986) (citing *Albertson's Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814 (1984)). The Tax Commission requires Petitioner to provide adequate evidence to establish that the amount asserted in the Notice is incorrect. Petitioner has failed to do so.

### CONCLUSION

Petitioner filed her 2022 Idaho income tax return claiming Idaho withholding but not all of her Idaho income. The Division adjusted Petitioner's return to include Idaho source income, which reduced her refund. The Tax Commission reviewed the Notice and finds it to be accurate and appropriate.

THEREFORE, the Notice dated June 26, 2023, and directed to \_\_\_\_\_ is hereby  
AFFIRMED and MADE FINAL.

No DEMAND for payment is required as this decision reduces Petitioner's refund.

An explanation of Petitioner's right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

IDAHO STATE TAX COMMISSION

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2024,  
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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