BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

| In the Matter of the Protest of |))) | DOCKET NO. 1-962-361-856 |
|---------------------------------|-------------|--------------------------|
| Petitioners. |))) | DECISION |

The Central Processing Bureau (Bureau) at the Idaho State Tax Commission (Tax Commission) issued a Notice of Refund Determination (Notice) to (Petitioners) denying a \$139 refund claim and asserting an additional total due of \$29 for tax year 2021. Petitioners filed a timely appeal and petition for redetermination of the Notice. The Tax Commission has reviewed the file and hereby issues its decision to cancel the Notice.

Petitioners claimed a \$167 credit under Idaho Code section 63-3036B. The Bureau was unable to verify Petitioners' entitlement to the credit and requested Petitioners provide documentation supporting their claim. The Bureau reviewed the information provided by Petitioners and determined that they didn't qualify for the credit. Petitioners appealed contending the Bureau erred in its determination.

In general, a pass-through entity that is transacting business in Idaho must pay tax for nonresident individual owners on a composite return (Idaho Code section 63-3022L) or withhold tax on the nonresident's share of income from the pass-through entity (Idaho Code section 63-3036B). The definition of individual includes single member LLCs that haven't elected to be classified as a corporation and are treated as disregarded entities for federal income tax purposes.

On appeal, the Tax Commission finds Petitioners can claim a \$167 credit under Idaho Code section 63-3022L. Based on the information available, Petitioners are the owners of a disregarded entity.

reported it paid tax on behalf of

in the amount of \$167. Therefore, Petitioners can claim a \$167 credit under Idaho Code section 63-3022L.

Part of the problem in this case is Petitioners claimed a 63-3022L credit as a 63-3036B credit. In other words, Petitioners claimed the credit on the incorrect line. Regardless, Petitioners are entitled to a \$167 credit and are due a refund of \$139.

THEREFORE, the Notice of Refund Determination dated January 3, 2023, is hereby CANCELED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

| An explanation of | Petitioners' rigl | ht to appeal this decision is enclosed. |
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| DATED this | day of | 2023. |
| | | IDAHO STATE TAX COMMISSION |

CERTIFICATE OF SERVICE

| I hereby certify that on this | | 2023, |
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| a copy of the within and foregoing DEC mail, postage prepaid, in an envelope add | - | nding the same by United State |
| | Receipt N | lo. |
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