

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 2-003-674-112
	)	
Petitioners.	)	DECISION
<hr style="width: 45%; margin-left: 0;"/>	)	

(Petitioners) protested the Notice of Deficiency Determination (Notice) dated November 24, 2023. Petitioners disagreed with the failure-to-pay penalty asserted by the Compliance Division (Division) on their 2022 Idaho individual income tax return. The Idaho State Tax Commission (Tax Commission) reviewed the matter and for the reason stated below modifies the Notice.

**BACKGROUND**

Petitioners filed their 2022 Idaho individual income tax return, self-assessing a tax due of \$4,092, but failed to pay this amount. Because Petitioners did not remit payment with their return, the Division calculated a penalty of one-half percent (0.5%)<sup>1</sup> of Petitioners’ self-assessed tax, added interest and issued a Notice.

Petitioners objected to the Notice. In the protest, Petitioners explained that they filed an extension for their 2022 return and further stated that they are “contesting the state taxes” for the taxability of the income they reported on their return.

The Division explained to Petitioners that, since they self-assessed tax on the return they submitted, they can’t now protest that amount, but just the proposed penalty. The Division advised Petitioners to file an amended return and change the self-assessed tax amount if they wanted to have the right to protest the taxability of their income. Petitioners later filed an

---

<sup>1</sup> Idaho Code section 63-3046(c)(2)

amended return but did not remove any income. The amended return reduced the taxable income by claiming additional business expenses, which still resulted in a tax due. Petitioners did not remit payment with the amended either as they are still contesting the taxability of their income.

Petitioners informed the Division of their intent to continue their protest and requested the Division move the protest up to the “next level”. The Division acknowledged the protest and referred the matter to the Tax Commission’s Appeals Unit (Appeals) for administrative review.

Appeals reviewed the case and sent Petitioners a letter explaining the options for redetermining the Notice. Petitioners responded and requested an informal hearing. In preparation for the hearing, Appeals clarified with Petitioners that the failure-to-pay penalty is the only item for redetermination. The hearing was held on April 23, 2024.

During the hearing, Ms. [redacted] contested the taxability of their income even though it is not the reason for the Notice of Deficiency<sup>2</sup>. Ms. [redacted] indicated that she would file another amended return to address the taxability of their income; however, she did not specify the timeline for filing it. The yet-to-be-filed amended return is not acceptable evidence, nor does it preclude the Tax Commission from issuing a final decision. Seeing that Petitioners had ample time to prepare another amended return if they chose to do so, and having reviewed all available information, the Tax Commission decides the matter as follows.

### **LAW AND ANALYSIS**

Idaho Code section 63-3046(c)(2) provides: “In the event the return required by this chapter is filed but the tax shown thereon to be due is not paid, there may be collected a penalty of

---

<sup>2</sup> The failure-to-pay penalty is the reason for the Notice since Petitioners did not remit payment for the tax reported on their return.

one-half percent (0.5%) of the tax due on such return for each month elapsing after the later of the due date of such return or the date the return was filed until the tax is paid.”

The due date to file 2022 Idaho individual income tax returns was April 18, 2023. With a valid extension, a taxpayer can file his or her return up to six months later. A valid extension means that a taxpayer can avoid a penalty for filing late; however, it does not allow the taxpayer to pay late. Even with a valid extension, if the taxpayer submits payment after the due date, the taxpayer owes a late pay penalty.

In this case, Petitioners filed their 2022 return on October 17, 2023. Petitioners stated in the protest that they submitted an extension to file their 2022 return. However, the Tax Commission has no record of any estimated payments made by Petitioners<sup>3</sup> or a valid extension Form for tax year 2022.

Petitioners signed the original and amended returns, acknowledging that these returns are true, correct, and complete under penalties of perjury. The Tax Commission has processed both 2022 income tax returns as filed by Petitioners but has yet to receive payment for either of the self-assessed tax amounts.

### **CONCLUSION**

The Division’s Notice added the failure-to-pay penalty and interest to the tax due amount shown on Petitioners’ return. The Tax Commission finds these additions are appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046. However, because Petitioners filed an amended return, the Tax Commission modifies the Notice to reflect the tax due amount as amended by Petitioners, which further modifies the amount of failure-to-pay penalty and interest.

---

<sup>3</sup> To qualify for an extension taxpayers must submit the lesser of 100% of the 2021 income tax or 80% of the 2022 estimated tax due.

THEREFORE, the Tax Commission MODIFIES the Notice dated November 24, 2023,  
directed to Petitioners.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$3,228	\$113	\$162	\$3,503

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

An explanation of Petitioners' 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.

---

---