

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
)
 [REDACTED]) DOCKET NO. 2-096-894-976
 [REDACTED])
)
 Petitioner.) DECISION
)
 _____)

[REDACTED] [REDACTED] (Petitioner) protested the Notice of Deficiency Determination (Notice) dated August 28, 2024. Petitioner disagreed that he was required to file Idaho individual income tax returns for tax years 2016 through 2022. Petitioner stated he lived and worked in North Dakota during the years in question. The Tax Commission, having reviewed the matter, issues its decision to cancel the Notice.

BACKGROUND

The Tax Discovery Bureau (Bureau) reviewed Petitioner’s Idaho individual income tax filing history and found that after filing for nine years as an Idaho resident, he filed his 2013 return as an Idaho non-resident. Petitioner did not submit any Idaho returns after tax year 2013.

The Bureau sent Petitioner a letter asking about his requirement to file Idaho income tax returns for tax years 2016 through 2022. Petitioner responded, stating he did not need to file Idaho returns as he lived and worked in North Dakota during the audit period and moved back to Idaho February 18, 2024. To help determine Petitioner’s residency status, the Bureau sent him a domicile questionnaire, which Petitioner completed and returned.

The Bureau reviewed all the information Petitioner provided as well as other information available to the Tax Commission and determined he was an Idaho resident who met the filing requirement. Therefore, the Bureau prepared Idaho returns for Petitioner for tax years 2016 through 2022 and sent him a Notice.

Petitioner protested the Notice and provided copies of his 2018, 2021, and 2022 North Dakota resident returns. The Bureau modified the Notice for these years, allowing a credit for taxes paid to another state. A copy of the modified Notice was sent to Petitioner, but he continued his protest.

The Bureau acknowledged Petitioner's protest and referred the matter to the Tax Commission's Appeals Unit (Appeals) for administrative review.

Appeals sent Petitioner a letter that discussed the methods available for redetermining a protested Notice. Petitioner responded, providing additional documentation and statements for the Tax Commission's consideration, but he did not request an informal hearing. The Tax Commission has reviewed all available information and hereby issues its decision.

LAW AND ANALYSIS

Idaho Code section 63-3002 states the intent of the Idaho legislature regarding the Idaho Income Tax Act; to impose a tax on the residents of Idaho measured by their income from all sources. Idaho Code section 63-3013 defines a resident as an individual who is domiciled in Idaho.

Domicile forms the constitutional basis for the imposition of state income taxes on an individual. *New York, ex rel, Cohn v. Graves*, 300 U.S. 308, 313 (1937); *Lawrence v. State Tax Commission of Mississippi*, 286, U.S. 276, 279 (1932). Domicile is defined in IDAPA 35.01.01.030 Idaho Administrative Income Tax Rules as the place where an individual has his true, fixed, permanent home and principal establishment, and to which place he has the intention of returning whenever he is absent. The term domicile denotes a place where an individual has the intention to remain permanently or for an indefinite time.

Domicile, once established, is never lost until there is a concurrence of a specific intent to abandon the old domicile, intent to acquire a specific new domicile, and the actual physical

presence in the new domicile. *Pratt v. State Tax Commission*, 128 Idaho 883, 885 n.2, 920 P.2d 400, 402 n.2 (1996). Domicile, once established, persists until a new domicile is legally acquired. *In re: Cooke's Estate*, 96 Idaho 48, 524 P.2d 176 (1973). The question of whether a domicile has been changed is one of fact rather than of law. *In re: Newcomb v. Dixon*, 192 N.Y. 238 (1908).

In determining an individual's domicile, the Tax Commission looks at five primary factors. The primary factors are the individual's primary home, where the individual is actively involved in business, where the individual spends his time, where the individual keeps his near and dear items, and the individual's family connections. The primary factors were determined as follows:

Petitioner did not own property in Idaho. Petitioner moved to North Dakota in 2013 and purchased his manufactured home in June 2014. Petitioner remained at this North Dakota residence until February of 2024, when he returned to Idaho and moved into his new wife's house of which he had a long-standing relationship. This factor favors North Dakota.

Petitioner worked for [REDACTED] [REDACTED] a large energy infrastructure and pipeline company, from July 2013 through February 2024. [REDACTED] [REDACTED] has a presence in [REDACTED] North Dakota and there is no question Petitioner was employed in North Dakota during the years in question. All Petitioner's income came from his employment at [REDACTED] [REDACTED] located in North Dakota, excluding a small amount of interest in 2022. This factor favors North Dakota.

The time factor is clearly in Petitioner's favor. This factor is directly related to the business factor because an individual usually spends most of his time in the state of his employment. In this case Petitioner's employment was in North Dakota. Petitioner stated he would come back to Idaho to visit a friend, which is now his spouse. Petitioner would visit Idaho one weekend a month and two to three weeks a year for vacation. This factor favors North Dakota.

Near and dear items which generally consist of art, books, and antiques; family photos and heirlooms; hobby, sports equipment and recreational vehicles; jewelry, pets, and firearms. There is nothing known of Petitioner's near and dear items. However, it is reasonable to assume Petitioner took some of his near and dear items with him to North Dakota, but it is also very likely Petitioner kept near and dear items in his now spouse's house in Idaho. Because of the lack of information, The Tax Commission finds this factor neutral.

The last of the five primary factors is Petitioner's family connections. This factor is an analysis of the individual's family both in and outside of Idaho. In this case, Petitioner gave no information on family living in either Idaho or North Dakota. While Petitioner obviously had a long-standing relationship with his now wife, living in Idaho, no other Idaho relationships are known. Therefore, this factor is inconclusive.

In addition to the primary factors, the Tax Commission reviewed these secondary factors to help determine Petitioner's domicile; Petitioner had an Idaho driver's license, registered vehicles in Idaho and purchased a resident Idaho fish and game license for 2016, 2017, 2019, and 2021. Petitioner registered to vote and voted by absentee ballot as an Idaho resident in both 2016 and 2020.

Petitioner provided the following explanations of his continued ties to Idaho. Petitioner stated he did not change his Idaho driver's license because it was not expired, and the purchase of Fish and Game licenses was out of mere habit. Petitioner registered his vehicles in Idaho because that is where the vehicles are and used. Petitioner's employer provided a truck for transportation, and he has no need for a personal vehicle.

To further support his argument, Petitioner stated that after the purchase of his home in North Dakota he began filing income taxes for that state. Petitioner provided North Dakota resident

income tax returns for 2016 through 2022. While Petitioner did maintain some Idaho ties, he no longer considered himself an Idaho resident. Furthermore, Petitioner stated “while in [REDACTED] North Dakota he participated in community activities as work allowed and did his shopping and all other living necessities in [REDACTED] North Dakota and the surrounding area.”

Considering all the factors together, the Tax Commission finds Petitioner had the requisite intent to abandon Idaho, to acquire North Dakota as his state of domicile and was physically present in North Dakota during tax years 2016 through 2022. Therefore, the Tax Commission finds Petitioner’s domicile was North Dakota for the years in question.

CONCLUSION

Idaho Income Tax Administrative Rule IDAPA 35.01.01.030.02.a states, for a domicile to change there must be a concurrence of specific events. The taxpayer must have the intent to abandon his domicile, the intent to acquire a new domicile, and physical presence in the new domicile. Petitioner’s domicile prior to 2013 was Idaho. Petitioner has the burden of showing his domicile changed.

Based on the information provided, the Tax Commission found that Petitioner did abandon Idaho and acquire North Dakota as his domicile in 2014. Consequently, the Tax Commission finds Petitioner’s domicile changed to North Dakota for tax years 2016 through 2022 and is not required to file Idaho returns.

THEREFORE, the Tax Commission CANCELS the modified Notice of Deficiency Determination dated October 12, 2024, directed to [REDACTED] [REDACTED]

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

DATED this _____ day of _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2025,
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.
