

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

██████

Petitioner.

DOCKET NO. 2-141-459-456

DECISION

The Intrastate Income Tax Audit Bureau (Bureau) sent ██████ (Petitioner) a Notice of Deficiency Determination (Notice) for tax year 2021. Petitioner protested, disagreeing with the Bureau's disallowance of the Energy Efficiency Upgrade (EEU) deduction claimed on his Idaho individual income tax return. The Tax Commission has reviewed the matter and hereby upholds the Notice.

BACKGROUND

Petitioner timely filed his Idaho individual income tax return for 2021. On ID Form 39R, line 4, he claimed \$23,000 in EEU deductions. The Bureau sent Petitioner a letter to examine if the expenses met the qualifications laid out in Idaho statute. Petitioner did not respond. The Bureau then sent Petitioner a Notice to disallow the EEU deduction claimed on his return plus interest. Petitioner responded to the Notice, providing documentation for window upgrades to the address listed on his tax return. Under further investigation, the Bureau noted that the address listed is a corporation called "██████" which operates as a lakeside resort, restaurant, and golf destination in ██████ Idaho. Petitioner received a W-2 from ██████ and claimed to be their "Facilities Director." He was not a part owner of the property. In Petitioner's protest, he claimed to be the property owner's "business partner." The Bureau investigated further, requesting additional information regarding the circumstances for incurring these expenses. Petitioner did not provide any additional information or respond to the Bureau's requests.

The Bureau acknowledged Petitioner's protest and transferred the case to the Tax Commission's Appeals Unit (Appeals) for administrative review. Appeals sent Petitioner letters on December 17, 2024, and January 21, 2025, explaining the appeals process and his right to a hearing. Petitioner did not respond. The Tax Commission must make its decision with the information available.

LAW AND ANALYSIS

Idaho Code section 63-3022B defines the EEU deduction:

63-3022B.DEDUCTION FOR ENERGY EFFICIENCY UPGRADES. (1) An individual taxpayer may deduct from taxable income an amount actually paid or accrued by the individual taxpayer during the taxable year for the actual installation of energy efficiency upgrade measures within any existing residence. As used in this section, "existing residence" means any residence in the state of Idaho that serves as the primary place of residence of the individual taxpayer in being, under construction, or subject to an outstanding legal building permit on or before January 1, 2002.

(2) As used in this section:

- (a) "Energy efficiency upgrade measure" means an energy efficiency improvement to the building envelope or duct system that meets or exceeds the minimum value for the improved component established by the version of the international energy conservation code (IECC) in effect in Idaho during the taxable year in which the improvement is made or accrued.
- (b) "Energy efficiency upgrade measure" includes:
 - (i) Insulation that shall be added to existing insulation not in replacement of existing insulation;
 - (ii) Windows that may replace less efficient existing windows;
 - (iii) Storm windows;
 - (iv) Weather stripping and caulking; and
 - (v) Duct sealing and insulation. Duct sealing requires mechanical fastening of joints and mastic sealant.

Petitioner and one of the owners of [REDACTED] [REDACTED] are listed on the invoice provided. A deposit of \$23,000 was paid by a Visa card rather than a check. The Visa card listed on the invoice was never verified to be owned by Petitioner. Additionally, Petitioner did not show a contract with his employer outlining a reimbursement agreement. The \$23,000 expense for replacing windows was not verified to be paid by Petitioner and therefore he is not entitled to the EEU deduction.

CONCLUSION

Petitioner was sent a Notice disallowing the EEU deduction claimed on his 2021 Idaho individual income tax return. The Tax Commission has reviewed the documentation provided in this case and cannot verify Petitioner actually paid for the energy efficiency upgrades. Petitioner has not shown he is entitled to the deduction for the Energy Efficiency Deduction.

THEREFORE, the Notice of Deficiency Determination dated June 6, 2024, directed to

■■■■ is hereby AFFIRMED by this decision and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$1,493	\$142	\$1,635

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

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.
