

NEW FOR 2008

IDAHO CONFORMS TO INTERNAL REVENUE CODE (IRC)

Idaho conforms to the federal changes made to the IRC by "The Economic Stimulus Act of 2008." These include the following:

- Bonus first-year depreciation provisions found in IRC Section 168(k) for property placed in service in 2008.
 - Idaho depreciation, adjusted basis, and gains or losses from the sale or exchange of this property will be the same as for federal.
 - You can't claim the Idaho investment tax credit on the cost

of property you are allowed a deduction as bonus first-year depreciation.

- An increase in the IRC Section 179 election to expense the cost of certain assets.
- An increase in the IRC Section 280F limitations on "luxury" auto depreciation.

Idaho also conforms to other changes made to the IRC during 2007.

GENERAL INFORMATION

WHO MUST FILE FORM 66

A fiduciary (guardian, trustee, executor, administrator, receiver, conservator, or any person acting in a position of trust or fiduciary capacity for any other person or group of persons) must file an Idaho income tax return on Form 66 for:

- A resident estate with gross income (as defined in IRC Section 61(a)) of \$600 or more for the current tax year;
- A nonresident estate with gross income (as defined in IRC Section 61(a)) from Idaho sources of \$600 or more for the current tax year;
- A resident trust that is required to file a federal return, including a grantor trust, with gross income (as defined in IRC Section 61(a)) of \$100 or more for the current tax year;
- A nonresident trust that is required to file a federal return, including a grantor trust, with gross income (as defined in IRC Section 61(a)) from Idaho sources of \$100 or more for the current tax year; or
- An estate of a resident individual involved in bankruptcy proceedings under chapter 7 or 11 of Title 11 of the U.S. Bankruptcy Code with gross income (as defined in IRC Section 61(a)) of \$8,950 or more.

If you are filing for a foreign trust that is required to file a federal Form 1040NR, file on Idaho Form 43, Idaho Part-Year Resident and Nonresident Income Tax Return.

RESIDENCY OF ESTATES

An estate is treated as a resident estate if the decedent was domiciled in Idaho on the date of his death. If the estate is other than an estate of a decedent, it is treated as a resident estate if the person for whom the estate was created is a resident of Idaho. If the estate doesn't qualify as a resident estate, it is treated as a nonresident estate.

A nonresident estate reports income earned from Idaho sources in the same manner as though the taxpayer was a nonresident individual.

RESIDENCY OF TRUSTS

A trust is treated as a resident if three or more of the following occur in Idaho:

- Domicile or residency of the grantor;
- Creation of the trust;
- Existence of trust property;
- Domicile or residency of the trustees; or
- Administration of the trust. Administration of the trust includes conducting trust business, investing assets, making policy decisions, record-keeping, or filing of tax returns.

If the trust doesn't qualify as a resident trust, it is treated as a nonresident trust.

A nonresident trust with income earned from Idaho sources must report such income to Idaho in the same manner as though the taxpayer was a nonresident individual. No distinction is made between living trusts (created by the grantor and funded during his lifetime) and testamentary trusts (becoming operative upon the death of the grantor). If a trust isn't required to file a federal return, it isn't required to file an Idaho return.

WHAT TO FILE

A complete copy of the federal income tax return must be attached to the Idaho income tax return. All Schedules K-1 must be attached to the return or submitted with the return on compact disc in Word, Excel, or PDF format. Failure to attach a complete copy of the federal return may cause the return to be delinquent.

WHEN TO FILE

Your return is due on or before the 15th day of the fourth month following the close of your tax year. For a calendar year filer, this is April 15. If the last day for filing a return falls on a Saturday, Sunday or legal holiday, the return is timely if it is filed on the next work day.

WHERE TO FILE

Mail the return and payment to:

Idaho State Tax Commission
PO Box 56
Boise ID 83756-0056

If you are sending your return using a delivery service that requires a physical address, use the following:

Idaho State Tax Commission
800 Park Blvd Plaza IV
Boise ID 83712-7742

ACCOUNTING METHODS

You must use the same accounting method that is used for federal tax purposes. A change of accounting method must have prior approval from the Internal Revenue Service (IRS). Attach a copy of the federal approval to your return.

ACCOUNTING PERIOD

You must use the same accounting period that is used for federal tax purposes. A change to the annual accounting period must have prior approval from the IRS. Attach a copy of the federal approval to your return.

AMENDED RETURNS

If you discover an error on your return after it is filed, use Form 66 to amend your return. Check the box at the top of the form and enter the reason for amending. Complete the entire form using the corrected amounts.

GENERAL INFORMATION

If you amend your federal return, an amended Idaho income tax return must be filed. The statute of limitations for receiving a refund is three years from the due date of the return or the date the return was filed, whichever is later.

If you are amending a return for tax years beginning prior to 2001, complete a new return using the corrected numbers on the form for the applicable year. Write AMENDED at the top of the form and attach an explanation of why the return is being amended.

Amended returns claiming refunds that aren't filed on the form for the applicable year will be returned to the taxpayer.

BONUS DEPRECIATION

For Property Placed In Service Prior To 2008

If you are depreciating property for which you claimed bonus depreciation for federal purposes:

- Complete and attach a separate federal Form 4562 or detailed computation for Idaho depreciation purposes as if you hadn't claimed the special depreciation allowance.
- Use the Idaho depreciation amounts to compute the Idaho adjusted basis and any gains or losses from the sale or exchange of the property.
- Enter the differences between the Idaho and federal depreciation amounts, and gains and losses from sales or exchanges of the property, on the bonus depreciation subtraction line on Form 66, Schedule B.

For Property Placed In Service After 2007

Idaho conforms to the federal bonus depreciation provisions. The amount you use for federal will also be used for Idaho. No additional forms or computations are needed for Idaho.

ELECTING SMALL BUSINESS TRUST (ESBT)

If the trustee makes the election under IRC Section 1361 for the trust to be an ESBT for federal purposes, the trust will be treated as an ESBT for Idaho income tax purposes. No separate election for Idaho purposes is required.

Special rules apply when computing the tax of an ESBT. The portion of an ESBT that consists of stock of one or more S corporations is treated as a separate trust in computing the tax attributable to the S corporation stock held by the trust. This tax:

- Must be paid by the ESBT.
- Must be computed separately from the tax on the remainder of the ESBT at the maximum individual rate of 7.8%. The tax computation must be attached to the return.
- Is entered on line 20 of Form 66.

The tax on the remainder of the ESBT is computed in the normal manner on Form 66. Don't include the S corporation items when computing this tax or distributable net income. Don't apportion to the beneficiaries any of the S corporation items.

If the ESBT consists entirely of stock in one or more S corporations, don't make any entries on lines 4 through 14 of page 1. Instead:

- Complete the heading area and lines 1 through 3b.
- Follow the instructions for line 20 for computing the tax on the S corporation items and enter the amount of tax;
- Complete the rest of the return.

ELECTRONIC FUNDS TRANSFERS

Payments of \$100,000 or more must be paid by electronic funds transfer. If you are making an electronic funds transfer for the first time, contact the Tax Commission at (208) 334-7660 for further information.

EXTENSION OF TIME TO FILE

If you can't file your return by the due date, Idaho allows you an automatic six-month extension of time to file. To avoid paying a penalty, the amount of tax payments you have made must be at least 80% of the current year's tax liability or 100% of the total tax reported last year. Use Form 41ES to make your payment.

Even though an extension gives you more time to file, the tax is due on the original due date of the return. You must pay interest on any tax paid after the due date.

FEDERAL AUDIT

If your federal taxable income or tax credits change because of a federal audit, you must send written notice to the Tax Commission within 60 days of the final federal determination. You must include copies of all schedules supplied by the IRS.

If you owe additional Idaho tax and don't send written notice within 60 days, a 5% negligence penalty will be imposed. Interest applies on any tax due.

If the final federal determination results in an Idaho refund, you must file an amended Idaho income tax return with the written notice. See Amended Returns. If the statute of limitations is closed, you have one year from the date of the final determination to file for the refund.

GRANTOR TRUSTS

Trust income taxable to the grantor or another person under IRC Sections 671 through 678 isn't taxed on a fiduciary return. However, the income information must be shown on a separate statement attached to Form 1041. Attach a copy of that information statement to Form 66. Also attach a supplemental statement to Form 66 showing Idaho additions and subtractions to federal taxable income.

INTEREST

Interest applies on delinquent tax from the due date of the return until the tax is paid at the rate of 5% per year (rate effective for 2009).

NET OPERATING LOSS (NOL)

An estate or trust incurs an Idaho NOL in a year when its Idaho taxable income is less than zero. NOLs incurred in activities not taxable by Idaho may not be subtracted.

For tax years beginning on or after January 1, 2000, the NOL generally must be carried back to the two preceding years. The carryback is limited to a maximum of \$100,000. Any remaining loss may be carried forward until used, but no longer than 20 years.

For tax years beginning prior to January 1, 2000, the NOL generally must be carried back to the three preceding years. Any remaining loss may be carried forward until used, but no longer than 15 years.

The fiduciary can elect to forego the Idaho carryback period and carry the loss forward. This Idaho election must be made before the due date, including extensions, of the loss year return. To make the Idaho election, attach a statement to the loss year return identifying the fiduciary's name, address, employer identification number, the amount of the NOL, and a statement that the fiduciary is electing to forego the Idaho carryback provision, or attach a copy of the federal election to forego the federal NOL carryback to the Idaho loss year return.

OTHER RETURNS THAT MAY BE REQUIRED

An Idaho individual income tax return, Form 40 or Form 43, may be required for the last tax year of a decedent or for a beneficiary of a guardianship trust or estate. Refer to the Idaho Individual Income Tax booklet for filing requirements.

GENERAL INFORMATION

If Form 1041-A or 5227 is required for federal income tax purposes, file a copy of that form with the Tax Commission. Mark the copy "Idaho Information Copy."

PAYMENTS

Make your check, cashier's check, or money order payable to the Idaho State Tax Commission and attach it to the tax return. Write your federal employer identification number on your check, cashier's check or money order.

To pay by credit card, debit card or e-check, visit our Web site at tax.idaho.gov.

For payments of \$100,000 or more, see Electronic Funds Transfers.

PENALTIES

Penalties may be imposed on the tax due as follows:

- 0.5% per month or fraction of a month to a maximum of 25% for failure to pay the tax due (if return is filed)
- 2% per month or fraction of a month for failure to meet the extension criteria (the return must be filed by the extended due date and taxes must be paid by the earlier of the date the return is filed or the extended due date)
- 5% per month or fraction of a month to a maximum of 25% for failure to file the return timely
- 5% for negligence or disregard of rules
- 10% for substantial understatement of tax
- 50% for filing a false or fraudulent return

The minimum penalty is \$10.

PERMANENT BUILDING FUND TAX

An estate or trust required to file an Idaho income tax return must pay the \$10 permanent building fund tax if all the Idaho adjusted income hasn't been distributed to beneficiaries. An estate or trust is also required to pay the permanent building fund tax for each individual beneficiary who meets the Idaho filing requirement but doesn't report his distributable income on an Idaho individual return. A qualified funeral trust isn't required to pay the permanent building fund tax.

QUALIFIED FUNERAL TRUSTS (QFT)

Special rules apply to the taxation of a QFT for trustees that elect to use these rules.

A QFT is a domestic trust that meets all of the following requirements:

- It arose as a result of a contract with a person engaged in the trade or business of providing funeral or burial services or property necessary to provide such services.
- The sole purpose of the trust is to hold, invest, and reinvest funds in the trust and to use those funds solely to pay for funeral or burial services or property to provide such services for the benefit of the beneficiaries of the trust.
- The only beneficiaries are individuals for whom such services or property are to be provided at their death under the contracts described in the first bullet.
- The aggregate contributions to the trust on behalf of any single beneficiary don't exceed the contribution limit and are made by or for the benefit of such beneficiaries.
- The trustee makes or previously had made the election to treat the trust as a QFT.
- If the election hadn't been made, the trust would have been treated as owned by the purchasers of the contracts under the grantor trust provisions of the IRC. However, a trust that isn't treated as owned by the purchaser solely because of the death of an individual shall be treated as meeting this requirement during the 60-day period beginning on the date of the individual's death.

Composite Return

A trustee may file a single, composite return for all QFTs of which he is the trustee. You must attach a schedule to the composite Idaho Form 66 that includes the following information for each separate interest treated as a separate QFT:

- The name of the owner of the beneficiary. If you list the name of the owner and that trust has more than one beneficiary, you must separate the trust into shares held by the separate beneficiaries.
- The type and gross amount of each type of income earned by the QFT for the tax year.
- The type and amount of each deduction and credit allocable to the QFT.
- The tax and payments made for each QFT; and,
- If the QFT was terminated during the year, give the date of the termination.

Computing Tax

If a QFT has multiple beneficiaries, each beneficiary's interest is treated as a separate trust for purposes of computing the tax.

If a composite return is filed, attach a statement identifying the calculation of Idaho taxable income and the Idaho income tax for each beneficiary.

Contribution Limit

The contribution limit is determined based on the year in which an individual entered into a contract with a person engaged in the trade or business of providing funeral or burial services or property to provide these services.

For contracts entered in: The contribution limit amount is:

• 1998 and before	\$7,000
• 1999	\$7,100
• 2000	\$7,200
• 2001	\$7,500
• 2002	\$7,700
• 2003	\$7,800
• 2004	\$8,000
• 2005	\$8,200
• 2006	\$8,500
• 2007	\$8,800
• 2008	\$9,000

Permanent Building Fund Tax

A QFT isn't required to pay the permanent building fund tax.

Residency of QFTs

A QFT is treated as a resident if at the time of the initial funding of the trust, the QFT is required to be established under the laws of Idaho, or if there is no such requirement, if a funeral home or cemetery located in Idaho is identified to provide the services or merchandise, or both, under the terms of a pre-need contract requiring the establishment of the trust.

Filing Requirements for QFTs

If a QFT has multiple beneficiaries, each beneficiary's interest is treated as a separate trust for purposes of determining whether an Idaho return must be filed. The filing requirements for each separate interest in the QFT are the same as for other resident or nonresident trusts. See page 1 of the General Instructions for Who Must File Form 66.

ROUNDING

Round the amounts on the return to the nearest whole dollar.

SIGNATURE

The return must be signed by the fiduciary or officer representing the fiduciary.

GENERAL INFORMATION

TAX DUE FOR NONFILING BENEFICIARIES

An individual beneficiary may elect to have the estate or trust pay the tax on his income from that estate or trust. The estate or trust will be taxed on this income at the corporate rate of 7.6%. An individual can't make the election if he must report other income that isn't subject to this election and meets the Idaho filing requirement.

If an individual who meets the Idaho filing requirement doesn't make the election, and doesn't file his Idaho individual income tax return or doesn't pay the tax due, the estate or trust will be taxed on the income at the corporate rate.

An individual beneficiary makes the election by not filing an Idaho Individual Income Tax Return. The estate or trust must include his share of the distributable net income in computing Idaho taxable income.

You don't need permission from the Tax Commission to make the election nor do you need to file any statement or form.

TAX PERIOD/YEAR COVERED BY RETURN

Use the 2008 form to file your tax return for calendar year 2008 or the fiscal year beginning in 2008.

TAX PREPARER CONTACT BOX

This box applies only if you paid a tax preparer to complete your return. If you check the box, you are authorizing the Tax Commission to discuss your return with the paid preparer identified on your return.

You are also authorizing the paid preparer to:

- Give the Tax Commission any information that is missing from your return, and
- Call the Tax Commission for information about the processing of your return or the status of your refund or payments.

You are not authorizing the paid preparer to receive any refund check, bind you to anything including any additional tax liability, or otherwise represent you before the Tax Commission.

This authorization is valid for up to 180 days from the date the Tax Commission receives the return. If you want the Tax Commission to contact you rather than your preparer, leave the box blank.

FORM 66 SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

General information instructions beginning on page 1 also apply to this form.

HEADING

File the 2008 return for calendar year 2008 or a fiscal year that begins in 2008. For a fiscal year, fill in the tax year space at the top of the form.

Write your estate/trust name, fiduciary name and title, address, and federal employer identification number in the space provided.

AMENDED RETURNS

This form can be used as an original return or as an amended return. If you are filing this form as an amended return, check the box at the top of the form. Enter the applicable reason(s) for amending, as listed below. Complete the entire form using the corrected amounts.

1. Federal Audit
2. Net Operating Loss Carryback - Attach Form 56 or a schedule showing the application of the loss.
3. Federal Amended
4. Other - Attach an explanation.

QUESTIONS 1, 2, AND 3

Mark the appropriate boxes, and provide the requested information. Each question must be answered or the return will be considered incomplete. Incomplete returns will cause processing delays.

If the fiduciary is filing Form 66 for an estate, complete questions 1a through 1d. Otherwise, go to question 2.

Question 1 ESTATES

- a. Enter the social security number of the decedent.
- b. Enter the decedent's date of death.
- c. If the decedent was a resident of Idaho on the date of his death, check the "Yes" box.
- d. If box c is checked "No," enter the decedent's state of residence on the date of death.

QUESTION 2 RESIDENT/NONRESIDENT BENEFICIARIES

If any beneficiary of the estate or trust isn't a resident of Idaho, check the "Yes" box. A beneficiary is an Idaho resident if the individual:

- Is domiciled for the entire year in Idaho even though temporarily outside of Idaho.
- Has a home in Idaho for the entire year and spends more than 270 days in Idaho during the tax year.

Question 3a ELECTING SMALL BUSINESS TRUSTS (ESBT)

If the trustee made the election under Internal Revenue Code (IRC) Section 1361 for the trust to be an ESBT for federal purposes, check the "Yes" box.

Question 3b QUALIFIED FUNERAL TRUSTS (QFT)

If the trustee made the election under IRC Section 685 and the trust otherwise qualifies as a QFT, check the "Yes" box. If filing a QFT composite return, don't complete lines 4 through 14, enter zero on line 15 and continue to line 20.

LINE 5 INCOME DISTRIBUTION DEDUCTION

Enter the amount of the deduction for distributions to beneficiaries. Attach a schedule showing the computation if different from the federal deduction.

LINE 6 ESTATE TAX DEDUCTION

Enter the deduction for federal estate tax attributable to income in respect of a decedent. If the income in question has been distributed, only the fiduciary's pro rata share may be deducted. Refer to the instructions, federal Form 1041. If any or all of the estate tax is attributed to income that is exempt from Idaho tax, a special Idaho adjustment must be made to add back a pro rata share of the deduction. Attach a schedule showing the computation.

LINE 8 EXEMPTION

If the estate or trust distributes all its income to the beneficiaries and is electing to report the income distribution and pay the tax for the beneficiaries, enter zero on line 8. If the trust is an exempt trust filing a Form 990-T to report unrelated business taxable income, enter zero on line 8.

If all income is reported to Idaho, enter the federal exemption from Form 1041, line 20.

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If only part of the income is reported to Idaho, enter the amount from line 6 of the following computation:

1. Federal taxable income, Form 1041, line 22, as adjusted for amounts shown on Form 66, page 2, Schedule B, lines 2 through 9
2. Federal exemption, Form 1041, line 20
3. Add lines 1 and 2
4. Enter amount from Form 66, line 7
5. Divide line 4 by line 3. (Can't exceed 100%)..... %
6. Exemption. Multiply line 2 by line 5.....

LINE 11 CREDITS

Enter the amount from Form 66, page 2, Schedule C, line 5. Instructions for Schedule C begin on page 7.

LINE 13 INCOME DISTRIBUTION NOT REPORTED TO IDAHO

Determine the amounts from lines 4 and 5 that the beneficiaries elect to report on the fiduciary return. Individual beneficiaries who have no other income reportable to Idaho and are required to file an Idaho income tax return may elect to report the income distribution from the estate or trust on the fiduciary return. Don't include amounts distributed to a beneficiary who doesn't meet the Idaho individual income tax filing requirement.

LINE 14 TAX ON INCOME DISTRIBUTION

If a beneficiary elects to have the trust or estate pay the tax on his income distribution, this income is taxed at the corporate rate of 7.6%. Any credits from the estate or trust that flow through to the beneficiary may be used to offset the tax attributable to that beneficiary. Attach a schedule showing this computation.

LINE 15 PERMANENT BUILDING FUND (PBF) TAX

A trust or estate that meets the Idaho filing requirement and doesn't distribute all its Idaho adjusted income is required to pay the \$10 PBF tax. For example, if the trust is paying tax on capital gains, the \$10 PBF tax is required.

A trust or estate that reports income on line 13 is required to pay the \$10 PBF tax for each individual beneficiary that elects to have the estate or trust pay the tax on his income from the estate or trust. A trust or estate is also required to pay the PBF tax for each individual beneficiary who is required to file, but doesn't file, an Idaho individual income tax return.

A nonresident individual beneficiary is required to file if his share of gross income from the estate or trust is more than \$2,500. If all the Idaho adjusted income has been distributed to beneficiaries who file Idaho income tax returns, the trust or estate doesn't owe this tax.

Enter zero if this is a QFT.

LINE 16 TOTAL TAX FROM RECAPTURE OF INCOME TAX CREDITS

Enter the total tax from recapture of income tax credits from Form 44, Part II, line 7. See page 10 for specific instructions. Attach Form 44.

LINE 17 FUELS TAX DUE

If you buy gasoline, aircraft fuel, or special fuels (diesel, propane, natural gas) without paying the fuels tax and later use this fuel in licensed vehicles or aircraft, fuels tax is due. Add the amounts on Form 75, Section IV, lines 3 and 4 and enter the total. Attach Form 75.

LINE 18 SALES/USE TAX DUE

If you made purchases during the year without paying sales tax, you must report use tax due on such purchases. Examples include magazine subscriptions, out-of-state catalog purchases, merchandise purchased over the Internet, book and record clubs, purchases in a state where no sales tax was charged, etc. Multiply the total amount of such purchases by 6% (.06).

If you computed use tax on Form 75, add it to the use tax on other purchases and enter the total on line 18.

If you have a sales or use tax account, don't enter your sales or use tax on this line, but continue to report the tax on these purchases on your sales and use tax returns.

LINE 19 TAX FROM RECAPTURE OF QUALIFIED INVESTMENT EXEMPTION (QIE)

If you have claimed the QIE for property tax on property that ceases to qualify before the end of the five-year recapture period, you must recapture part or all of the property tax benefit. Enter the amount from Form 49ER, Part III, line 18. Attach Form 49ER.

LINE 20 TAX ON ESBT OR QFT COMPOSITE RETURN

ESBTs. If the trust is an ESBT, the portion that consists of stock in one or more S corporations must be treated as a separate trust, and the tax must be computed separately on that separate trust. Compute the tax on the S corporation items making the following modifications:

- Take into account only the income, losses, deductions, and credits that could be taken into account as pass-through items to S corporation shareholders and gain or loss from the disposition of S corporation stock.
- You may not claim an income distribution deduction or an exemption amount.
- You may not claim a deduction for capital losses in excess of capital gains.
- Make the applicable adjustments on Schedules A and B and complete a separate Schedule C for the S corporation items.
- The tax is computed at 7.8%. Attach the tax computation to the return.

Enter the tax for the S corporation items on line 20.

QFTs. If the trust is filing a composite QFT return, the same information and schedules used on the federal Form 1041-QFT can be used in determining the tax for Idaho. However, the calculation of each QFT's Idaho taxable income and Idaho income tax liability will need to be made on a separate schedule and attached to the composite Idaho return.

To arrive at the QFT's Idaho taxable income, each QFT included in the Idaho composite return should start with its federal taxable income as reported in the detail information attached to the federal Form 1041-QFT composite return. Each QFT's federal taxable income is then subject to the Idaho modifications. These are listed on Form 66, Page 2, Schedule B. If the QFT is a nonresident, the computations listed on Form 66, Page 2, Schedule A must be made using the applicable information from the Form 1041-QFT prior to making the Idaho Schedule B modifications.

A QFT isn't entitled to claim the exemption deduction in computing Idaho taxable income.

The total of the Idaho income tax due for all of the QFTs should be reported on line 20.

LINE 22 ESTIMATED TAX PAYMENTS

Enter the total amount of payments made and the amount applied from your 2007 return.

LINE 23 IDAHO INCOME TAX WITHHELD

Enter the amount of Idaho income tax withheld and not repaid by an employer on wages and salaries of a decedent's estate. Attach state copies of W-2s.

LINE 24 SPECIAL FUELS AND GASOLINE TAX REFUND

The special fuels (diesel, propane, natural gas) tax refund is available to those who use the fuel for heating or in off-highway

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equipment and have paid the tax on the special fuels purchased. Enter the amount from Form 75, Section IV, line 2. Attach Form 75.

The gasoline tax refund is available to those who buy and use gasoline in off-highway equipment or auxiliary engines. Enter the amount from Form 75, Section IV, line 1. Attach Form 75.

LINE 27 PENALTY AND INTEREST

Penalty: If the trust or estate files a return after the due date or fails to pay the required amount by the due date, a penalty may be due. To avoid paying any penalty, the trust or estate must:

- pay by the original due date at least 80% of the tax due on the return or 100% of the total tax reported last year, and
- file the return by the extended due date and pay the tax due by the earlier of the date the return is filed or the extended due date.

If the trust or estate pays at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, but fails to file the return by the extended due date or pay the remaining tax by the earlier of the date the return is filed or the extended due date, the following penalties apply:

- If the return is filed on or before the extended due date, a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date of payment, or
- If the return is filed after the extended due date, a 5% per month late filing penalty will be computed on tax due from the extended due date to the earlier of the date the return is filed or the date the tax is paid, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.

If the trust or estate doesn't pay at least 80% of the tax due on the return or 100% of the total tax reported last year by the original due date, the following penalties will apply unless the payment required to satisfy the extension criteria is \$50 or less:

- If the return is filed by the original due date, a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date of payment.
- If the return is filed on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the earlier of the date the tax is paid or the date the return is filed, plus a 0.5% per month late payment penalty will be computed on tax due from the date the return is filed to the date the tax is paid, if the tax is paid after the return is filed.
- If the return is filed after the extended due date, but the tax is paid on or before the extended due date, a 2% per month extension penalty will be computed on tax due from the original due date to the date the tax is paid.
- If the return is filed and the tax is paid after the extended due date, the maximum 25% penalty will apply.

The minimum penalty is \$10. The maximum penalty is 25% of tax due.

Interest: Interest is charged from the due date until paid. The rate for 2009 is 5%.

LINE 30 REFUND

If you are filing an original return, you may receive all or part of the overpayment listed on line 29 as a refund, or apply all or part of the overpayment to your 2009 estimated tax. Enter the amount you wish to receive as a refund on this line. If you enter the total from line 29, you must enter zero on line 31.

LINE 31 ESTIMATED TAX

If you are filing an original return, you may apply all or part of

the overpayment listed on line 29 as a credit against your 2009 estimated tax. The amount you list on this line plus the amount on line 30 must equal the overpayment listed on line 29. If you listed the total overpayment as the amount you want refunded to you on line 30, you must enter zero on this line.

SCHEDULE A

The income of a nonresident estate or trust includable for Idaho fiduciary income tax purposes is that portion of its federal taxable income derived from Idaho sources.

LINES 2 AND 3 INCOME AND CAPITAL GAIN OR LOSS DERIVED FROM IDAHO SOURCES

Include those items includable for federal fiduciary income tax purposes attributable to, or resulting from, ownership in Idaho of any interest in real or tangible personal property (including real property or property rights from which "gross income from mining" as defined by IRC Section 631(c) is derived); or the carrying on of a trade, business, profession or occupation in Idaho.

To determine income or capital gain or loss derived from Idaho sources:

1. Income from intangible personal property, including annuities, dividends, interest, and gains from the disposition of intangible personal property, is income derived from Idaho sources only to the extent that the income is derived from property employed in a trade, business, profession or occupation carried on in Idaho.
2. Deductions with respect to capital losses, net long-term capital gains, and net operating losses are based solely on income, gain, loss and deduction connected with Idaho sources. However, salaries, wages, commissions and compensation for personal services performed outside Idaho aren't derived from Idaho sources.
3. A nonresident beneficiary's distributive share of income, gain, loss and deduction derived from or connected with Idaho sources is determined under Idaho Code, Section 63-3026A.
4. If a trade, business, profession or occupation is carried on partly within and partly without Idaho, items of income, gain, loss and deduction derived from or connected with Idaho sources are determined under Idaho Code, Sections 63-3026A and 63-3027.
5. Deductions with respect to passive activity losses derived from Idaho sources are allowed to the extent they are allowed as a deduction on your federal income tax return. To determine the amount of your Idaho passive activity loss deduction, compute the federal passive loss allowed for each passive activity. Your Idaho passive activity loss deduction for each passive activity carried on in Idaho is the amount that you deducted to arrive at federal taxable income or (loss).
6. Income taxes paid to Idaho are allowed as a deduction, but don't include the amount of income taxes paid to other states.

Enter the amount of estate or trust income derived from Idaho sources on Schedule A, line 2. Enter the amount of Idaho capital gain or loss on Schedule A, line 3.

LINE 5 PERCENT OF TOTAL FEDERAL INCOME DERIVED FROM IDAHO SOURCES

Divide line 4 by line 1. Round to four digits to the right of the decimal point. For example: .66666 is rounded to .6667 and should be entered as 66.67%. The percent can't exceed 100%.

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LINE 6 DEDUCTIONS NOT DIRECTLY ALLOCABLE TO ANY SPECIFIC INCOME

Enter the amount of deductions not directly allocable to any specific income. Don't include any amounts for state income taxes. Amounts not directly allocable to any specific income include:

- charitable deductions;
- fiduciary fees;
- attorney and accounting fees.

SCHEDULE B

LINE 1 ADJUSTED TOTAL INCOME (LOSS)

If this is a resident return, enter the amount of federal adjusted total income (loss) from Form 1041, line 17. If this is a nonresident return, enter the amount from line 8, Schedule A, page 2. See instructions for Schedule A. If you filed a federal Form 4720, enter the amount from Form 990-T, line 34, or from the attached schedule to Form 4720.

LINE 2 INTEREST AND DIVIDENDS NOT TAXABLE UNDER FEDERAL LAW

Enter the interest and dividends net of applicable amortization received or accrued from obligations of any other state or political subdivision excluded from federal taxable income under the provisions of the IRC. This amount can't be less than zero. Nonresidents don't include any amounts. Attach a schedule.

LINE 3 STATE INCOME TAXES

Enter the amount of state income taxes deducted in arriving at federal adjusted total income.

LINE 5 OTHER ADDITIONS

Enter any miscellaneous Idaho additions. Attach a schedule identifying each addition.

LINE 6 IDAHO NET OPERATING LOSS (NOL)

Enter the Idaho NOL carryover. If this is an amended return to claim an NOL carryback, enter the amount of the NOL carryback. Attach a schedule detailing the computation of the loss and prior loss application.

Enter the total of the NOL carryover and carryback amounts on line 6. Attach Form 56 or a schedule showing the application of the loss.

LINE 7 INCOME EXEMPT FROM IDAHO TAX

Enter the amount of interest income received from obligations of the U.S. Government (U.S. Savings Bonds, etc.) not distributed. Expenses related to the production of this income will reduce the amount you enter here. In addition, this amount should be adjusted to reflect the estate tax deduction on line 6, page 1, attributed to income exempt from Idaho tax. The fiduciary must provide the beneficiary with the necessary information if a portion of this adjustment was distributed. Attach a schedule showing your computations. If this is a nonresident return, don't include any amounts unless included in line 1.

LINE 8 SUBTRACTION FOR BONUS DEPRECIATION

If you claimed federal bonus depreciation for property placed in service before 2008, you must complete a separate federal Form 4562 or detailed computation to compute your Idaho depreciation without claiming any amounts for the special depreciation allowance. If the federal depreciation is less than the Idaho depreciation, include the difference as a subtraction on this line. Attach the federal Form 4562 or detailed computation used to compute the Idaho depreciation.

If you sold or exchanged property on which you claimed the bonus depreciation, compute the difference in the Idaho gain or

loss and the federal amount and subtract the difference. Attach all applicable forms.

Don't enter any amounts for property placed in service after 2007.

LINE 9 OTHER SUBTRACTIONS

Enter any miscellaneous Idaho deductions. Attach a schedule identifying each deduction.

SCHEDULE C

Tax credits must be computed according to the following instructions and the instructions accompanying the appropriate forms. Credits pass through to beneficiaries in the same manner that income and expenses are distributed.

The fiduciary must prepare and distribute to each beneficiary a schedule that shows all Idaho income and deductions that must be reported on the beneficiary's Idaho income tax return. The schedule must also include the beneficiary's share of amounts that are eligible for tax credits. Each beneficiary uses this credit information to determine the amount of Idaho credit, credit recapture and credit carryover to be reported on the Idaho income tax return. Credits reported by each beneficiary are subject to the limitations applicable to that beneficiary based on his share of the credit and his tax liability. Copies of these schedules must be attached to the Idaho Fiduciary Income Tax Return for the year in which the credit is earned. Credit information reported on the schedule should include the following:

- Donation amount and qualified entity
- Amount of each credit earned
- Amount of recapture for any of the credits

If an individual beneficiary elects to have his share of the income taxed on the estate or trust return, the tax may be offset by the credit attributable to that individual that was earned during the tax year. Credits applied to this tax are computed based on the credit limitations applicable to estates or trusts. For example, if a trust pays the tax for three individual beneficiaries, the amount of credit for contributions to educational institutions is the lesser of the following amounts:

- 50% of the three beneficiaries' share of the amount donated,
- 20% of the tax computed for the three beneficiaries, or
- \$100

The following credits are available to be transferred to another taxpayer rather than used by the taxpayer who earns the credit:

- Broadband equipment investment credit
- Incentive investment tax credit

To claim a credit you acquired through a transfer, you must attach a copy of the Idaho Statement of Credit Transfer, Form 70, to each return on which you are claiming transferred credit.

LINE 1 PROPERTY TAX EXEMPTION

Check the "Yes" box if you elected the property tax exemption on personal property that qualifies for the investment tax credit. Attach a copy of your Form 49E.

LINE 2 CREDIT FOR CONTRIBUTIONS TO IDAHO EDUCATIONAL ENTITIES

If the estate or trust donated cash or goods to a qualified educational entity, it may claim a tax credit. If you claimed or earned the credit for qualifying new employees, enter the amount computed on Form 55, Part III, line 5. Otherwise, the credit is limited to the smallest of:

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- one-half of the amount donated,
- 20% of the tax on line 10, page 1, or
- \$100.

A qualified educational entity includes:

- a nonprofit corporation, fund, foundation, research park, trust, or association organized and operated exclusively for the benefit of Idaho colleges and universities
- a nonprofit, private or public Idaho school (elementary, secondary or higher education) or its foundation
- Idaho education public broadcast system foundations
- the Idaho State Historical Society or its foundation
- an Idaho public library or its foundation
- an Idaho library district or its foundation
- an Idaho public or private nonprofit museum
- the Idaho Commission for Libraries

LINE 3 CREDIT FOR CONTRIBUTIONS TO IDAHO YOUTH AND REHABILITATION FACILITIES

If the estate or trust donated cash or goods to a qualified center for independent living, to a youth or rehabilitation facility or their foundations, or to a nonprofit substance abuse center licensed by the Idaho Department of Health and Welfare, it may claim a tax credit. If you claimed or earned the credit for qualifying new employees, enter the amount computed on Form 55, Part III, line 9. Otherwise, the credit is limited to the smallest of:

- one-half of the amount donated,
- 20% of the tax on line 10, page 1,
- \$100, or
- the tax on line 10, page 1, less the amounts on Schedule C line 2, and Form 44, Part I, line 1

The qualified youth or rehabilitation facilities and their foundations are:

- Anchor House
- The Arc, Inc., Boise

- The Children's Home Society of Idaho, Inc., Boise
- The Children's Village, Inc., Coeur d'Alene
- Dawn Enterprises, Inc., Blackfoot
- Development Workshop, Inc., Idaho Falls
- Gem Youth Services, Emmett
- High Reachers, Inc., Mountain Home
- Hope House, Inc., Nampa
- Idaho Drug Free Youth, Inc., Coeur d'Alene
- Idaho Elks Rehabilitation Hospital, Inc., Boise
- Idaho Youth Ranch
- Kinderhaven, Sandpoint
- Learning Lab, Inc., Boise
- Magic Valley Rehabilitation Services, Inc., Twin Falls
- New Day Products, Inc., Pocatello
- Northwest (North Idaho) Children's Home
- Opportunities Unlimited, Inc., Lewiston
- Panhandle Special Needs, Inc., Sandpoint
- Project P.A.T.C.H. (Planned Assistance for Troubled Children)
- Project Safe Place, in Idaho
- Shepherd's Home, Inc., McCall
- Transitional Employment Services for the Handicapped, Coeur d'Alene
- Walker Center, Gooding
- Western Idaho Training Co., Inc., Caldwell
- Winchester Occupational Workshop, Winchester
- Womens and Children's Alliance

The following are the qualified centers for independent living:

- Disability Action Center Northwest, Moscow and Coeur d'Alene
- Living Independence Network Corporation, Boise and Twin Falls
- Living Independently For Everyone, Inc., Blackfoot, Idaho Falls, and Pocatello

LINE 4 TOTAL BUSINESS INCOME TAX CREDITS

Enter the total business income tax credits from Form 44, Part I, line 12. See page 9 for specific instructions. Attach Form 44.

Idaho Fiduciary Tax Computation Schedule

If Idaho taxable income is:	The tax is:
Less than or equal to \$1,272.....	1.6% of Idaho taxable income, line 9
Over \$1,272 but not over \$2,544.....	\$20.35 plus 3.6% of excess over \$1,272
Over \$2,544 but not over \$3,816.....	\$66.15 plus 4.1% of excess over \$2,544
Over \$3,816 but not over \$5,088.....	\$118.30 plus 5.1% of excess over \$3,816
Over \$5,088 but not over \$6,360.....	\$183.17 plus 6.1% of excess over \$5,088
Over \$6,360 but not over \$9,540.....	\$260.77 plus 7.1% of excess over \$6,360
Over \$9,540 but not over \$25,441.....	\$486.55 plus 7.4% of excess over \$9,540
\$25,441 or more	\$1,663.19 plus 7.8% of excess over \$25,441

INSTRUCTIONS FOR FORM 44

IDAHO BUSINESS INCOME TAX CREDITS AND CREDIT RECAPTURE

Part I of Form 44 provides a listing of the Idaho business credits allowed and the credit carryover amounts.

Part II of Form 44 provides a listing of the tax from recapture of income tax credits.

The total of the business income tax credits allowed and the tax from recapture of income tax credits will be carried to the Form 66. You must attach Form 44 to your return if you are claiming any business income tax credits or have any tax from recapture of income tax credits.

PART I BUSINESS INCOME TAX CREDITS

Part I has two columns: the Credit Allowed column for the amount of credit allowed for the tax year and the Carryover column for the amount of carryover that exists at the end of the tax year.

The following credits are available to be transferred to another taxpayer rather than used by the taxpayer who earns the credit:

- Broadband equipment investment credit
- Incentive investment tax credit

To claim a credit you acquired through a transfer, you must attach a copy of the Idaho Statement of Credit Transfer, Form 70, to each return on which you are claiming transferred credit.

LINE 1 INVESTMENT TAX CREDIT (ITC)

If you acquire an asset for use in your business, you may have earned an ITC.

Credit Allowed: If you claimed or earned the credit for qualifying new employees, enter the allowable credit computed on Form 55, Part III, line 7. Otherwise, enter the credit allowed computed on Form 49, Part II, line 8.

Carryover: If you claimed or earned the credit for qualifying new employees, enter the amount of credit available less the allowable credit: Form 55, Part III, line 6a less the amount on line 7. Otherwise, enter the credit available less the credit allowed: Form 49, Part II, line 7 less the amount on line 8.

LINE 2 CREDIT FOR PRODUCTION EQUIPMENT USING POSTCONSUMER WASTE

If you purchased equipment that manufactures a product from postconsumer or postindustrial waste, you may be entitled to a tax credit. The credit is 20% of your cost to purchase qualified equipment.

Qualified equipment is machinery or equipment in Idaho with a useful life of three years or more. In addition, 90% of the equipment's production must result in products utilizing postconsumer or postindustrial waste.

Product is any manufactured material that is composed of at least 50% of postconsumer or postindustrial waste and offered for sale. Product doesn't include shredded material unless it is incorporated directly into the manufacturing process.

Postconsumer waste or postindustrial waste includes only glass, paper, or plastic that have been, or would have been, disposed of as solid waste. It doesn't include radioactive or hazardous waste.

Attach a schedule showing your computations, listing the qualified equipment, identifying the postconsumer or postindustrial waste products, and identifying the newly manufactured products.

Credit Allowed: If you claimed or earned the credit for qualifying new employees, enter the allowable credit computed on Form 55, Part III, line 11. Otherwise, enter the smallest of:

- \$30,000
- 20% of the cost to purchase qualified equipment plus the amount of credit carried forward, or
- The tax on line 10 less the amounts on Schedule C, lines 2 and 3, and Form 44, Part I, line 1

Carryover: Enter the amount of credit available less the amount allowed. Attach a schedule showing your computations. You may carry forward the unused portion of the credit up to seven years.

LINE 3 PROMOTER-SPONSORED EVENT CREDIT

If you issued temporary sales tax permits to participants of a promoter-sponsored event on behalf of the Tax Commission, you may claim a \$1 credit for each temporary permit issued during the tax year. Promoter-sponsored events include swap meets, flea markets, gun shows, and fairs. You must have filed Form ST-124 with the Tax Commission to qualify for the credit.

Credit Allowed: If you claimed or earned the credit for qualifying new employees, enter the allowable credit computed on Form 55, Part III, line 13. Otherwise, enter the smaller of:

- \$1 for each temporary permit issued during the tax year, or
- The tax on line 10 less the amounts on Schedule C, lines 2 and 3, and Form 44, Part I, lines 1 and 2.

LINE 4 CREDIT FOR QUALIFYING NEW EMPLOYEES

Idaho allows a credit for qualifying new employees.

Credit Allowed: Enter the credit allowed computed on Form 55, Part III, line 15. Attach Form 55.

Carryover: Enter the amount of credit carryover to future years as computed on Form 55, Part III, line 32.

LINE 5 CREDIT FOR IDAHO RESEARCH ACTIVITIES

If you incurred expenses for research conducted in Idaho, you may have earned the credit for Idaho research activities.

Credit Allowed: Enter the credit allowed computed on Form 67, line 29. Attach Form 67.

Carryover: Enter the amount of credit carryover to future years as computed on Form 67, line 30.

LINE 6 BROADBAND EQUIPMENT INVESTMENT CREDIT

If you acquired qualified broadband equipment to use in your business in Idaho, you may qualify for the broadband equipment investment credit. You may also claim this credit if you acquired the credit through a transfer.

Credit Allowed: Enter the credit allowed computed on Form 68, line 18. Attach Form 68.

Carryover: Enter the amount of credit carryover to future years as computed on Form 68, line 19.

LINE 7 INCENTIVE INVESTMENT TAX CREDIT

You may claim this credit if you have incentive investment tax credit carryover from the tax year beginning in 2001 or received the credit by transfer or unitary sharing.

Credit Allowed: Enter the credit allowed computed on Form 69, line 16. Attach Form 69.

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Carryover: Enter the amount of credit carryover to future years as computed on Form 69, line 17.

LINE 8 SMALL EMPLOYER INVESTMENT TAX CREDIT

You may claim this credit if you have certified by filing Form 89SE that you have met, or will meet, the tax incentive criteria for this credit and you have acquired an asset for use in your business that otherwise qualifies for the ITC.

Credit Allowed: Enter the credit allowed computed on Form 83, line 28. Attach Form 83.

Carryover: Enter the amount of credit carryover to future years as computed on Form 83, line 29.

LINE 9 SMALL EMPLOYER REAL PROPERTY IMPROVEMENT TAX CREDIT

You may claim this credit if you have certified by filing Form 89SE that you have met, or will meet, the tax incentive criteria for this credit and you have acquired real property improvements for use in your business at the project site during the project period.

Credit Allowed: Enter the credit allowed computed on Form 84, line 26. Attach Form 84.

Carryover: Enter the amount of credit carryover to future years as computed on Form 84, line 27.

LINE 10 SMALL EMPLOYER NEW JOBS TAX CREDIT

You may claim this credit if you have certified by filing Form 89SE that you have met, or will meet, the tax incentive criteria for this credit and you have qualified new employees at the project site during the project period.

Credit Allowed: Enter the credit allowed computed on Form 85, line 35. Attach Form 85.

Carryover: Enter the amount of credit carryover to future years as computed on Form 85, line 36.

LINE 11 BIOFUEL INFRASTRUCTURE INVESTMENT TAX CREDIT

If you placed in service qualified infrastructure used to sell biofuel, you may qualify for the biofuel infrastructure investment tax credit.

Credit Allowed: Enter the credit allowed computed on Form 71, line 30. Attach Form 71.

Carryover: Enter the amount of credit carryover to future years as computed on Form 71, line 34.

PART II TAX FROM RECAPTURE OF INCOME TAX CREDITS

LINE 1 TAX FROM RECAPTURE OF INVESTMENT TAX CREDIT

If you have claimed an ITC on property that ceases to qualify before the end of the five-year recapture period, you must compute the ITC recapture. This includes property moved outside of Idaho.

Enter the amount from Form 49R, Part III, line 15. Attach Form 49R.

LINE 2 TAX FROM RECAPTURE OF BROADBAND EQUIPMENT INVESTMENT CREDIT

If you have claimed a broadband equipment investment credit on property that ceases to qualify before the end of the five-year recapture period, you must compute the broadband equipment investment credit recapture. This includes property that ceases to qualify for the ITC.

Enter the amount from Form 68R, Part III, line 15. Attach Form 68R.

LINE 3 TAX FROM RECAPTURE OF SMALL EMPLOYER INVESTMENT TAX CREDIT

If you have claimed a small employer investment tax credit on property that ceases to qualify before the end of the five-year recapture period, you must compute the small employer investment tax credit recapture. This includes property moved outside of Idaho.

You must also compute recapture if you failed to meet the tax incentive criteria required to qualify for this credit at the project site during the project period.

Enter the amount from Form 83R, Part III, line 15. Attach Form 83R.

LINE 4 TAX FROM RECAPTURE OF SMALL EMPLOYER REAL PROPERTY IMPROVEMENT TAX CREDIT

If you have claimed a small employer real property improvement tax credit on property that ceases to qualify before the end of the five-year recapture period, you must compute the small employer real property improvement tax credit recapture.

You must also compute recapture if you failed to meet the tax incentive criteria required to qualify for this credit at the project site during the project period.

Enter the amount from Form 84R, Part III, line 15. Attach Form 84R.

LINE 5 TAX FROM RECAPTURE OF SMALL EMPLOYER NEW JOBS TAX CREDIT

If you have claimed a small employer new jobs tax credit and you failed to maintain the required level of new employees for the entire five-year recapture period, you must compute the small employer new jobs tax credit recapture.

You must also compute recapture if you failed to meet the tax incentive criteria required to qualify for this credit at the project site during the project period.

Enter the amount from Form 85R, line 13. Attach Form 85R.

LINE 6 TAX FROM RECAPTURE OF BIOFUEL INFRASTRUCTURE INVESTMENT TAX CREDIT

If you have claimed a biofuel infrastructure investment tax credit on property that ceases to qualify before the end of the five-year recapture period, you must compute biofuel infrastructure investment tax credit recapture. This includes property no longer used to sell biofuel in Idaho.

Enter the amount from Form 71R, Part III, line 15. Attach Form 71R.