



STATE OF IDAHO TAX UPDATE

VOLUME TWENTY-ONE - NUMBER ONE

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If you have questions about the articles in this issue of *Tax Update*, or if you need more information, contact the Idaho State Tax Commission.



ROUNDUP OF NEW TAX LAWS

The 2009 Idaho Legislature passed tax laws on everything from computer donations to biodiesel fuel. Here are some of the highlights:

SALES & USE TAX

Some aircraft exempt from use tax. People who move to Idaho don't have to pay use tax on personally owned aircraft they owned while they were a resident of another state. However, if they acquired the aircraft less than three months before moving to Idaho, they owe use tax if they didn't pay sales or use tax to the other state.

Also, aircraft that are used to provide passenger or freight services for hire to the public from one point on land or water to another are exempt from use tax.

Effective: July 1, 2009

INCOME TAX

Small Employer Incentive Act extended. The Idaho Small Employer Incentive Act has been extended to 2020. The act allows employers to claim tax credits when employing 10 or more new employees with benefits and making additional investments in new plant and building facilities.

Effective: July 1, 2009

Idaho law conforms to Internal Revenue Code (IRC). Idaho law conforms to the IRC, including provisions passed during 2008 in the "Emergency Economic Stabilization Act of 2008," the "Housing and Economic Recovery Act of 2008," and the "Heroes Earning Assistance and

Relief Tax Act." The new provisions allow additional standard deduction amounts for individuals who don't itemize their tax deductions, including:

- The amount an individual paid for state and local real property taxes, limited to \$500 for single filers and \$1,000 for married taxpayers filing jointly.
- An individual's net disaster loss if the individual had a personal casualty loss in a federally declared disaster area.

Effective: January 1, 2008

Idaho law also incorporates the provisions of the "American Recovery and Reinvestment Tax Act of 2009." The Act:

- Extends the bonus first-year depreciation allowed for purchases of qualified property and extends the increased IRC section 179 expensing amounts for depreciable assets.
- Excludes the first \$2,400 of unemployment benefits received during 2009.
- Allows a deduction for the amount of sales tax paid on the purchase of qualified motor vehicles after Feb. 16, 2009. This deduction is

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NEW WEB SITE COMING

We're redesigning our Web site, tax.idaho.gov. In the next few months, you'll see a different look and some great new features. And the new site will be easier to search. We'll highlight the major changes in the December issue of *Tax Update*.

ROUNDUP OF NEW TAX LAWS

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allowed either as an itemized deduction (except when a taxpayer uses the federal sales tax tables to deduct state and local general sales taxes) or as an additional standard deduction.

Effective: January 1, 2009

Deduction extended for private school computer donations. Taxpayers can now get an income tax deduction for donating technological equipment like computers and computer software to private nonprofit elementary and secondary schools in Idaho. This deduction already applies to public elementary and secondary schools, as well as to public and private universities and colleges in Idaho.

Effective: January 1, 2009

Income tax forms get new donation check-off box. Taxpayers can donate an income tax refund or overpayment to the Idaho Foodbank using a new check-off box on Idaho individual income tax forms.

Effective: July 1, 2009

FUELS TAX

Ethanol and biodiesel deductions end. Fuel distributors

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can no longer deduct ethanol or biodiesel fuel from the gallons subject to fuels tax.

Effective: June 1, 2009

Individual biodiesel fuel producers get exemption. Individuals who produce 5,000 gallons or less of biodiesel fuel annually for personal use don't have to pay the one-cent-per-gallon petroleum transfer fee, and they don't have to get a fuel distributor's license. However, they must continue to pay the 25-cents-per-gallon fuels tax on taxable gallons of fuel.

Effective: July 1, 2009

Penalties apply to untaxed fuel use on highways. Drivers who use dyed or other untaxed fuel in a motor vehicle operated on a state highway will be subject to a civil penalty. The penalty is \$250 for the first violation and goes up to \$1,000 for the third and subsequent violations.

Effective: July 1, 2009

OTHER

Procedures outlined for Tax Commission settlements. When the Tax Commission enters into a settlement or closing agreement with a taxpayer that results in a reduction of \$50,000 or more to the disputed amount due:

- Two tax commissioners must be present at the final review, as well as a deputy attorney general, a tax policy specialist, and a representative from either the audit division or other division where the case originated.

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FOR MORE INFORMATION

Web site: tax.idaho.gov
Phone (Boise area): 334-7660
Phone (toll free): (800) 972-7660
Hearing impaired: (800) 377-3529

TAX COMMISSION OFFICES

Boise:
800 Park Blvd., Plaza IV
Coeur d'Alene:
1910 Northwest Blvd., Ste. 100
Idaho Falls:
150 Shoup Ave., Ste. 16
Lewiston:
1118 F St.
Pocatello:
611 Wilson St., Ste. 5
Twin Falls:
440 Falls Ave.

- Both commissioners must sign the settlement or closing agreement to make it binding and complete.
- The Tax Commission must provide the Legislature and Governor an annual report that summarizes the settlement and closing agreements.

Effective: July 1, 2009

Unless otherwise noted, information in Tax Update applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest Tax Commission office.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Idaho Code section 60-202.