

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



SPOTLIGHT ON NEW TAX LAWS

The 2010 Idaho Legislature passed tax laws affecting charitable contributions, ethanol, and more. Here are some of the highlights:

INCOME TAX

Idaho law doesn't conform to current federal Internal Revenue Code (IRC). The Idaho Legislature didn't pass a conformity bill during the 2010 regular session. As a result, Idaho currently doesn't conform to changes made to the IRC on or after February 18, 2009.

Credit increased, extended for some charitable contributions. The income tax credit is increasing for donations to the following Idaho organizations:

- Public and nonprofit private K-12 schools and universities
- Idaho Public Broadcasting
- Idaho State Historical Society
- Idaho libraries and museums

Also, the credit is now available for donations to these organizations:

- Idaho Commission of Hispanic Affairs
- Idaho Commission for the Blind and Visually Impaired
- Idaho Council on Developmental Disabilities
- Idaho State Independent Living Council
- Idaho Council for the Deaf and Hard of Hearing

For individual taxpayers, the tax credit is limited to 50% of the taxpayer's total Idaho income tax liability, and the maximum annual credit increases to \$500 (\$1,000 on a joint return).

For corporate taxpayers, the maximum annual credit increases to \$5,000.

Donations that qualify are limited to monetary donations minus the value of any benefits received. The new provisions (except for the change to allow only monetary donations) will expire in five years.

Effective: January 1, 2011

Income tax liability changed for pass-through entities with nonresidents. Pass-through entities aren't liable for the tax not paid by nonresidents who earn Idaho taxable income from the entity. However, an entity must withhold income tax if a nonresident doesn't elect to have tax paid on the entity return. A pass-through entity includes a partnership, a limited liability company taxed as a partnership, an S Corporation, or a trust or estate.

Effective: January 1, 2011

Some contributions to college savings accounts are taxable. A college savings account owner who transfers amounts from a qualified Idaho account to an account in another state must add to taxable income the amount contributed to

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REMINDER

If you've electronically filed your sales and use or sales-related returns for six consecutive months (or two consecutive quarters), you'll no longer receive paper returns in the mail. Similarly, if you've made income tax withholding payments electronically for six consecutive months (or two consecutive quarters), you'll no longer receive payment vouchers. Visit our website to find the [sales tax due dates for 2010](#) (under "Quick Picks"), and read [A Guide to Idaho Income Tax Withholding](#) (page 9) to get the withholding payment due dates.

SPOTLIGHT ON NEW TAX LAWS

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the account within the 12 months preceding the transfer. However, the addition is limited to the amounts that were deducted on the account owner's income tax return for the year of the transfer and the prior tax year.

Retroactive to January 1, 2008

Taxable income clarified for nonresidents with Idaho estates or trusts. Nonresident individuals, estates, and trusts must report only that portion of income from a resident estate or resident trust that has an Idaho source.

Effective: January 1, 2010 (affects all proceedings pending on that date)

Income tax forms get new donation option. Individuals and businesses can use a new line on their Idaho income tax return to make a donation to the Opportunity Scholarship Program Account.

Effective: January 1, 2010

Credit extended for contributions to education institutions. The credit for contributions to education institutions includes contributions to a nonprofit corporation, fund, foundation, trust, or association that is:

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- Organized and operated exclusively for the benefit of elementary or secondary education institutions in Idaho,



- Officially recognized and designated as the sole supporting organization of an elementary or secondary education institution, and

- Qualified to be exempt from federal tax under Internal Revenue Code section 501(c)(3).

Effective: January 1, 2010

SALES & USE TAX

Tax exemption expanded for purchases made with federal food stamps.

Purchases made with coupons issued under the federal Food, Conservation, and Energy Act of 2008 are exempt from sales and use taxes.

Effective: March 25, 2010



FUELS TAX



Ethanol and blended fuels subject to motor fuels tax.

Idaho's motor fuels tax and transfer fee apply to ethanol, ethanol-blended fuel, gasoline blend stocks, and natural gasoline when the fuels are received in Idaho.

Effective: July 1, 2010



FOR MORE INFORMATION

Website: 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.

UNCLAIMED PROPERTY

Unclaimed property transfers to State Treasurer. The administration of the state's unclaimed property law is transferring to the State Treasurer from the Idaho Tax Commission.

Effective: July 1, 2010

Some holders must file unclaimed property reports electronically. Businesses that hold 10 or more items of unclaimed property must submit their unclaimed property report in an electronic format established by the unclaimed property administrator.

Effective: July 1, 2010

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.

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