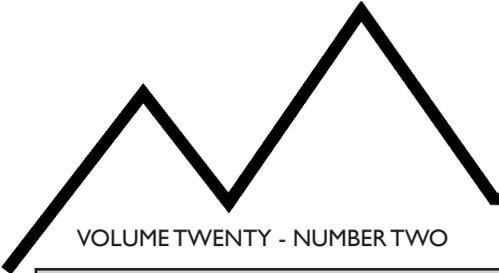




# STATE OF IDAHO TAX UPDATE



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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.

## EMPLOYERS: FORM 967 REPLACES FORMS 956 AND 957

Employers get to file one less income tax withholding return starting with the 2008 reporting year. The new Form 967, Idaho Annual Withholding Report, replaces Form 956, Idaho Withholding Reconciliation, and Form 957, Idaho Transmittal-Wage and Tax Statements.

Employers should use Form 967 to report the income tax they withheld, reconcile their payments, and submit their W-2s and 1099s. The form is due at the end of February if filed by paper. If it's filed online, it's due by March 31.



## 1099 FORMS STARTING JAN. 31

Employers will be able to file their 1099s electronically on our Web site by Jan. 31. They'll also be able to file other information returns like 1098s and W-2Gs. To file your information returns online, go

to our "Electronic Filing" page and click on "1099s and Information Returns" under the "Free Online Filings" section. 2008 is the last year employers can file 1099s by magnetic media.



## BUSINESS INCOME, SALES-RELATED TAX RETURNS

Businesses can now prepare and file their Idaho corporation, S corporation, and partnership income tax returns electronically. To get a list of companies providing approved filing software, go to our Web site at [tax.idaho.gov](http://tax.idaho.gov) and click on "Electronic Filing" and then "Business Income Tax."

Nez Perce County, Greater Boise Auditorium District, and travel and convention account holders can now electronically file their returns for free at [tax.idaho.gov](http://tax.idaho.gov) by clicking on "Electronic Filing" and then "Sales-Related Tax Returns."

## CREDIT/DEBIT CARD, E-CHECK CHARGES TO INCLUDE FEE

As of Jan. 1, 2009, taxpayers who choose to pay their taxes by credit/debit card or e-check will also pay a convenience fee. The Tax Commission has been absorbing the bank fees to process these payments but can no longer afford to do so. Access Idaho, a third-party service provider, will collect the fee.

The fee is expected to be 3 percent of any credit/debit card payment and \$5 for each e-check payment.

This new measure will save the state \$2 million annually by charging only the individuals who use credit/debit cards or e-checks instead of spreading the cost to all Idahoans.

Taxpayers can pay by e-check and credit/debit card online at [tax.idaho.gov](http://tax.idaho.gov). They can also pay with debit/credit card by calling (800) 972-7660 toll free or 334-7660 in the Boise area or by visiting any Tax Commission office. The Tax Commission accepts American Express, Discover, MasterCard, and VISA for credit/debit card payments.

### NEW WITHHOLDING GUIDE COMING

Employers should receive a new *Guide to Idaho Income Tax Withholding* by the end of 2008. If you haven't received one by January 1, please call our office.

## TAX EXEMPTIONS FOR FOREIGN CONSULATES, DIPLOMATS

Now that Mexico has opened a consulate in Boise, we've received questions about how to handle sales tax exemptions for foreign diplomats and consulates. Foreign diplomats and consuls visiting and working in the United States qualify for sales tax exemptions based on the terms of treaties with their nations. To claim an exemption, the buyer must have an official tax exemption card.

Two types of cards can be issued — "personal cards" and "mission cards." The wording and color coding of each card indicate which exemptions the mission and its employees and families

are entitled to. For example, both the personal and mission cards issued for Mexico have a yellow stripe because the exemption for Mexico is limited. All purchases of hotel rooms are exempt from sales tax for Mexican consular employees in the U.S. Other purchases must exceed \$50 to be exempt.

Vendors should read the front and back of the cards carefully before allowing an exemption, and they should keep photocopies of both sides of the card to document the exempt sale. Other than the copies of the card, no other documents (including Form ST-101) are required.

## SPREAD THE WORD ABOUT THE GROCERY CREDIT

About 200,000 more Idahoans will qualify for the grocery credit in tax year 2008, including those who don't normally file an income tax return. The income tax credit that offsets the sales tax on groceries is \$50 for Idaho residents whose taxable income is \$1,000 or less and for each of their dependents. The credit is \$30



for all other Idahoans and their dependents. Individuals age 65 and older who claim the credit get an additional \$20.

Part-year residents get a prorated credit for the part of the year they lived in Idaho during 2008. Individuals who lived illegally in the United States and nonresidents don't qualify for the credit.

Individuals who received assistance from the federal food stamp program or were incarcerated during 2008 can receive a prorated credit for the part of the year they didn't receive assistance or were not incarcerated.

To get the credit, individuals age 65 and older can file a Form 24, Idaho Grocery Credit Refund. Everyone else should file an Idaho individual income tax return, even those who don't normally file.



### FOR MORE INFORMATION

Web site: [tax.idaho.gov](http://tax.idaho.gov)  
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Phone (toll free): (800) 972-7660  
Hearing impaired: (800) 377-3529

### TAX COMMISSION OFFICES

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Idaho Falls:  
150 Shoup Ave., Ste. 16  
Lewiston:  
1118 F St.  
Pocatello:  
611 Wilson St., Ste. 5  
Twin Falls:  
440 Falls Ave.

## TIPS ON MAILING RETURNS

The Tax Commission routinely receives returns that arrive after the due date because of postage due. Before mailing your returns, please check for the correct postage and always put a return address on your envelopes, especially for payments or returns, so your mailing doesn't get delayed. A good way to avoid this problem is to e-file your return. You get a confirmation receipt that the return was filed, and you don't have to worry about proper postage.

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.