



# STATE OF IDAHO TAX UPDATE

VOLUME NINETEEN - NUMBER TWO

DECEMBER 2007

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.

## NEW OPTIONS FOR FILING TAXES ONLINE

The Idaho State Tax Commission is offering updates on our “Electronic Filing” Web page at [tax.idaho.gov](http://tax.idaho.gov).

### AVAILABLE NOW...

**Sales tax:** Idaho retailers can now file online sales tax returns five days before the end of the tax period. Also, the due date has been added to the online sales tax return.

### COMING IN 2008...

**W-2s:** In January, employers will be able to

manually enter their W-2s online and submit them electronically.

**Business income tax:** In February, corporations and S corporations will be able to file their income taxes electronically through approved private software companies. Partnerships will also be able to file their income taxes electronically by September.

**Other taxes:** Nez Perce County, Greater Boise Auditorium District, and Travel and Convention account holders will be able to file tax returns online by April.

## TIPSTO HELP YOU COMPLETE YOUR SALES TAX RETURNS

Did you know that many of the errors the Tax Commission sees on sales tax returns are easily avoidable? Following the tips listed below will help you reduce the chances of receiving a letter or phone call from us.

- Review each line to make sure you put the right information on the correct line. A common mistake is to take the total sales amount from Line 1 and also enter it on Line 4, items subject to use tax. This doubles the amount of tax due on the return. Line 1 is for reporting your total sales. Line 4 is for reporting items subject to use tax—items you bought to use or store, but didn't pay sales tax on their purchase price. If you file electronically, a new warning message will pop up when you enter the same amounts for Lines 1 and 4.
- Make sure you select the correct year when filing electronically. For example, if you mistakenly choose January 2006 instead of 2008, the program will calculate the tax at 5 percent instead of 6 percent, leaving you 1 percent short on the tax you owe.
- If you file electronically, please don't send us a paper return.
- If you file by paper, please sign the return. It's the last step, and it's an important one.

## CLASSES, EVENTS FEATURED ON WEB PAGE

Check out our redesigned “Classes & Events” Web page at [tax.idaho.gov](http://tax.idaho.gov) to find information on classes and presentations offered by the Tax Commission.

The page features information about Right Track classes,

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## IRS OFFERS SMALL BUSINESS NEWSLETTER

Join the *e-News for Small Businesses* mailing list to receive updates, reminders, and other federal tax information for small business owners and people who are self-employed.

You'll get information about upcoming deadlines, highlights of what's new on the Internal Revenue Service's Web site, tips

### CLASSES, EVENTS

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which teach basic sales tax and income tax withholding information to new businesses.

It also lists small business information forums for people who are interested in starting a small business, have questions about an existing business, or would like to hire new employees. The forums are a great way to learn about state and federal business regulations for small business owners.

And, if your business is holding unclaimed property or you want to know more about the subject, the page features information about unclaimed property presentations.

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.

on how businesses can remain compliant, news releases, and special announcements.

*e-News for Small Businesses* is a free electronic newsletter distributed every Wednesday. To sign up, go to [irs.gov](http://irs.gov), click on "Newsroom," "e-News Subscriptions," then "Subscribe to e-news for Small Businesses."

## FUND-RAISERS, BAZAARS REQUIRE TEMPORARY SALES PERMIT

If you or your group aren't active retailers but are planning a onetime fund-raiser or bazaar, you need a temporary seller's permit to collect sales tax. You can get one by calling or visiting any Tax Commission office. A temporary permit is good for only one sale or function, so you must get a new one whenever you have another event. You can get three temporary permits in a 12-month period.

If you're selling at a swap meet, flea market, gun show, fair, or similar event, you must also have a seller's permit. The promoter will ask you to complete Form ST-124, Idaho Sales Tax Declaration, Promoter-Sponsored Event. If you don't have a seller's permit, you'll get a temporary permit from the promoter when you complete the ST-124.



### FOR MORE INFORMATION

Web site: [tax.idaho.gov](http://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:  
1038 Blue Lakes Blvd. N., Ste. C

## SALES TAX ON SOFTWARE MAINTENANCE CONTRACTS

When a business sells computer software, it may also include optional software upgrades and/or support services as part of the sale. Tax on the sale depends on whether upgrades or maintenance is included.

If a contract provides only software upgrades, the sale is taxable. If it provides only support services—such as telephone or on-site support, then the sale isn't taxable.

However, if the sale includes both upgrades and support services, only the part of the contract fee for upgrades or enhancements is subject to sales tax. If fees for the upgrades and support services aren't listed separately in the contract, then one-half of the entire charge of the maintenance contract is taxable.