

INCOME TAX RULES COMMITTEE MEETING AGENDA
MONDAY, APRIL 16, 2012
1:00 PM
IDAHO STATE TAX COMMISSION
ROOM 5CR1

GENERAL BUSINESS:

Welcome & Introduction

Negotiated Rulemaking (SB1366)

**INCOME TAX RULES CHANGES REQUIRED BY LEGISLATION
(NO DRAFTS YET):**

Rule 075. Tax on Individuals, Estates, and Trusts. Reduces the individual income tax rate for Idaho taxable income over \$7,500 to 7.4% and reduces the corporate income tax rate to 7.4% (HB563)

Rule 105.03. Adjustments to Taxable Income – Additions Required of All Taxpayers. Provides that passive losses incurred in years during which a taxpayer had no activity in Idaho are not deductible. Treats passive losses in a manner identical to the treatment of net operating losses and capital losses (HB363)

Rule 108.04. Adjustments to Taxable Income – Adjustments Required Only of Individuals. Removes the prohibition allowing the deduction of classroom supplies and other expenses not to exceed \$250 for elementary and secondary teachers (HB517)

Rule 130. Deduction of Certain Retirement Benefits. Clarifies the deduction for retirement benefits paid to certain retired police officers and revises the definition of “disabled” (HB364)

Rule 140. Deduction for Insulation of Residences. Revises the eligibility criteria for taking a state income tax deduction for installing energy efficiency upgrade measures within existing residences (HB485)

Rules 290, 291, & 877. Backup Withholding by Pass-through Entities. Revises the two options of pass-through entities:

1. The pass-through entity may file a composite return for non-residents and pay the tax due, reporting with that return and on the K-1 to the non-resident the income and tax allocated to that non-resident. The non-resident then has the option of filing an Idaho non-resident return, reporting the allocated income (and any other Idaho income), and claiming the tax paid as a credit.

2. The entity can do backup withholding under Idaho Code section 63-3036B. (HB582)

Rules 700 & 701. Credit for Income Taxes Paid Another State or Territory. Clarifies the credit for taxes paid to other states. Intent is to include the Texas margins tax as a tax qualifying for the credit (HB634)

Rules 745-748. Credit for Qualifying New Employees. Corrects an oversight from the passage of the Hire One Act of 2011 by allowing companies to continue to receive the new jobs credit up until the start of the Hire One Act (HB661)

Rule 810.02. Time for Filing Income Tax Returns. Provides that if the date for filing any report, claim, tax return, statement or other document or making any such payment falls on a Saturday, Sunday, legal holiday or a holiday recognized by the IRS, such acts shall be considered timely if performed on the next business day. Intent is to extend the original due date the same number of days as the filing deadline, when applicable (HB653)

**ADMINISTRATIVE TAX RULE CHANGES REQUIRED BY LEGISLATION
(NO DRAFTS YET):**

Rule 704.03. Disclosure of Information – Government Agencies and Officials. Authorizes the release of taxpayer addresses and taxpayer identifying numbers from the State Tax Commission to the Unclaimed Property Program for internal use (HB687)

OTHER POSSIBLE RULE CHANGES FOR DISCUSSION

Adjourn

*Please contact Shelley Sheridan at (208) 334-7544
if you are interested in attending or have any questions.*