

SUMMARY STATEMENT
Idaho State Tax Commission v. James
Docket No. 47835-2020

The Idaho Supreme Court affirmed the district court's decision, which affirmed the Tax Commission's notice of deficiency decision. The Tax Commission disallowed a net operating loss carryback because the Jameses missed the deadline to file an amended state tax return claiming the loss.

In 2014, the Jameses filed an amended 2012 federal income tax return with the Internal Revenue Service ("IRS"), claiming a net operating loss ["NOL"] incurred in 2014. On April 11, 2016, the IRS issued a final determination notice to the Jameses which indicated a refund of federal tax in the amount of \$1,002,341.

On June 3, 2016, the Jameses filed an amended 2012 Idaho state tax return, reporting the net operating loss and seeking a refund of \$53,097 in state taxes. The Tax Commission subsequently issued a notice of deficiency determination, which disallowed the net operating loss carryback because the Jameses did not timely file their amended 2012 state return. The Tax Commission concluded that Idaho Code sections 63-3072(e) and 63-3022(c)(2) required the Jameses to file their amended 2012 return by December 31, 2015, which was within one year after the end of the 2014 tax year in which they realized the NOL.

The Jameses appealed the Tax Commission's Notice to the Idaho Board of Tax Appeals ("The Board"), which reversed the Tax Commission's decision. The Board found the Jameses' amended 2012 state return was timely filed pursuant to Idaho Code section 63-3072(d), because they filed it within one year of receiving the final federal determination from the IRS.

The Tax Commission subsequently sought review from the district court, which affirmed the Tax Commission's notice of deficiency determination. The district court concluded the timeframes in sections 63-3072(e) and 63-3022(c)(2) applied rather than the timeframe in 63-3072(d).

The Supreme Court affirmed the district court's decision, concluding that Idaho Code sections 63-3072(e) and 63-3022(c)(2) required the Jameses to file their amended 2012 Idaho tax return by December 31, 2015, to carryback the 2014 NOL to the 2012 tax year. The Supreme Court concluded the timeframe in section 63-3072(d) was inapplicable because the IRS's final determination did not adjust the Jameses' Idaho taxable income. Because the Jameses failed to timely file their amended 2012 state return, the Tax Commission properly disallowed the net operating loss carryback.

This summary constitutes no part of the opinion of the Court, but has been prepared by court staff for the convenience of the public.