

LEGISLATURE OF THE STATE OF IDAHO  
Sixty-third Legislature First Regular Session - 2015

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 13

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAX; AMENDING SECTION 63-3022F, IDAHO CODE, TO PROVIDE AN ADDITIONAL PROVISION RELATING TO THE COMPUTATION OF FEDERAL TAXABLE INCOME; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3029F, IDAHO CODE, TO ALLOW A CERTAIN CREDIT, TO PROVIDE RELATED REQUIREMENTS AND TO DEFINE A TERM; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-3022F, Idaho Code, be, and the same is hereby amended to read as follows:

63-3022F. COMPUTATION OF TAX WHERE TAXPAYER RESTORES SUBSTANTIAL AMOUNT HELD UNDER THE CLAIM OF RIGHT. In the case of a taxpayer who is entitled to a reduction in federal tax due to the restoration of an item of gross income under section 1341 of the Internal Revenue Code (relating to the computation of tax where the taxpayer restores a substantial amount held under claim of right), there shall be allowed a deduction in determining Idaho taxable income as provided in section 1341(a) (4) of the Internal Revenue Code, if not otherwise deducted by the taxpayer for Idaho income tax purposes. In computing the deduction allowable under this section, no deduction shall be allowed if the item of gross income for a prior taxable year was not included in Idaho taxable income. If the taxpayer has claimed a credit for claim of right income repayment adjustment under section 63-3029F, Idaho Code, then there shall be added to federal taxable income any amount taken as a deduction under section 1341 of the Internal Revenue Code in computing federal taxable income for the tax year.

SECTION 2. That Chapter 30, Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 63-3029F, Idaho Code, and to read as follows:

63-3029F. CLAIM OF RIGHT INCOME REPAYMENT ADJUSTMENTS. (1) Subject to the provisions of this section, a credit against the taxes otherwise due shall be allowed to a taxpayer for a claim of right income repayment adjustment.

(2) The credit under this section shall be allowed only if the taxpayer's federal tax liability is determined under section 1341(a) of the Internal Revenue Code.

(3) The amount of the credit shall equal the difference between:

(a) The taxpayer's actual Idaho state income tax liability for the tax year for which the claim of right was included in gross income for federal tax purposes; and

1 (b) The taxpayer's Idaho state income tax liability for that tax year,  
2 had the claim of right income not been included in gross income for fed-  
3 eral tax purposes.

4 (4) A credit under this section shall be allowed only for the tax year  
5 for which the taxpayer's federal tax liability is determined under section  
6 1341 of the Internal Revenue Code for federal tax purposes.

7 (5) If the amount allowable as a credit under this section, when added  
8 to the sum of other amounts allowable as a payment of tax and other refund-  
9 able credit amounts, exceeds the taxes imposed (reduced by any nonrefund-  
10 able credits allowed for the tax year), then the excess shall be treated as  
11 an overpayment of tax and shall be refunded or applied in the same manner as  
12 other tax overpayments.

13 (6) As used in this section, "claim of right income" means:

14 (a) An item included in federal gross income for a prior tax year be-  
15 cause it appeared that the taxpayer had an unrestricted right to the  
16 item; and

17 (b) An item for which the taxpayer's federal tax liability is adjusted  
18 under section 1341 of the Internal Revenue Code because the taxpayer did  
19 not have an unrestricted right to the item of gross income.

20 SECTION 3. An emergency existing therefor, which emergency is hereby  
21 declared to exist, this act shall be in full force and effect on and after its  
22 passage and approval, and retroactively to January 1, 2015.