

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 384

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO INCOME TAXES; AMENDING SECTION 63-30220, IDAHO CODE, TO ALLOW
2 THE USE OF TAX CREDITS AND LOSS CARRYOVERS TO MITIGATE AN INCREASE IN TAX
3 DUE TO AN ADJUSTMENT RELATED TO SECTION 168(k) OF THE INTERNAL REVENUE
4 CODE IN A CLOSED YEAR AND TO MAKE A TECHNICAL CORRECTION.
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6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Section 63-30220, Idaho Code, be, and the same is hereby
8 amended to read as follows:

9 63-30220. ADJUSTMENT -- PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001 --
10 SMALL BUSINESS EXPENSES -- LIMITATIONS ON ASSESSMENTS AND REFUNDS. For tax-
11 able years commencing on and after January 1, 2001, in computing Idaho tax-
12 able income:

13 (1) The adjusted basis of depreciable property, depreciation and gains
14 and losses from sale, exchange or other disposition of depreciable property
15 acquired after September 10, 2001, and before December 31, 2007, shall be
16 computed without regard to subsection (k) of section 168 of the Internal
17 Revenue Code and the adjusted basis of depreciable property, depreciation
18 and gains and losses from sale, exchange or other disposition of depreciable
19 property acquired after December 31, 2009, shall be computed without regard
20 to subsection (k) of section 168 of the Internal Revenue Code; and

21 (2) Adjustments in computing Idaho taxable income required by subsec-
22 tion (1) of this section shall be made without regard to loss limitations im-
23 posed by sections 465, 469, 704(d) and 1366(d) of the Internal Revenue Code;
24 and

25 (3) A taxpayer's basis in an interest in a pass-through entity, amount
26 at risk, and passive activity loss carryover shall be the same amount for
27 purposes of the Idaho income tax act as the amount determined under the In-
28 ternal Revenue Code; and

29 (4) Each partner, shareholder, member or beneficiary shall include in
30 Idaho taxable income his share of the adjustments required by this section in
31 computing Idaho taxable income of any pass-through entity; and

32 (5) Notwithstanding the provisions of sections 63-3068 and 63-3072,
33 Idaho Code, the period of limitations for issuing a notice of deficiency de-
34 termination or filing a claim for refund for any year for which an adjustment
35 is required by this section shall not expire before three (3) years from the
36 later of: (a) the due date of the return for the last taxable year an adjust-
37 ment was required by this section, or (b) the date the return was filed for
38 the last taxable year an adjustment was required by this section. Upon the
39 expiration of the period of limitations as provided in subsections (a) and
40 (m) of section 63-3068, Idaho Code, and subsections (b) and (h) of section
41 63-3072, Idaho Code, only those specific items of basis, deductions, gains
42 or losses that are computed, without regard to subsection (k) of section 168

1 of the Internal Revenue Code, as required by this section, shall be subject
2 to adjustment, as well as the effect of such adjustments on Idaho credits,
3 net operating loss deductions and capital loss carryovers.