

STATEMENT OF PURPOSE

RS28792 / H0317

This bill relates to federal income tax deductions for state and local taxes (SALT). Currently there is a \$10,000 limitation on the federal deduction for SALT. In 2020, the IRS released Notice 2020-75 approving the availability and functionality of a SALT limitation workaround for pass-through entities (PTEs). This bill provides a workaround in the Idaho Code for owners, partners, members, and shareholders in partnerships, LLCs and S corporations in PTEs by allowing the PTE to elect to pay Idaho tax at the PTE level. This bill declares an emergency providing for retroactive application to January 1, 2021 for tax reporting purposes.

FISCAL NOTE

This bill will have no fiscal impact to the state General Fund, local units of government, or state tax revenue as it only changes where a taxpayer reports paying state income tax for the purposes of a federal income tax deduction.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).