



TAXATION IN IDAHO

C Corporation Tax

A corporation must file an income tax return if it meets any of the following conditions:

- conducting business in Idaho
- being registered with the Idaho Secretary of State for doing business in Idaho
- earning income attributable to Idaho.

Tax Rate & Filing Requirements

The current tax rate on taxable business income in Idaho is 6%. Form 41 is used to file corporate income tax for C corporations. The due date for filing income tax return is on or before the 15th day of the fourth month following the close of the tax year. If the last day falls on a Saturday, Sunday, or legal holiday, the deadline is usually extended to the next business day.

Extension to File the Return

If the income tax return is not filed by the due date then the return can be extended up to six months with a valid extension. A valid extension means the taxpayer can avoid a penalty for filing late but there is not any extensions allowing to pay late and interest will also be charged on any payments made after the original due date. Form 41ES is used to file six months extension for business income tax.

Note - Idaho imposes the *franchise tax* on a corporation for the privilege of doing business in Idaho. The current Idaho tax rate on taxable business franchise income is 6%. The amount must be a minimum of \$20. **C Corporations and S Corporations aren't subject to both the franchise tax and the income tax.**



S Corporation Tax

If a corporation is filing as an S corporation for federal income tax purposes and meets any of the following conditions, it is required to file Idaho Form 41S: The corporation is conducting business activities in Idaho and the corporation is registered with the Idaho Secretary of State to operate in Idaho. The current tax rate on taxable business income in Idaho is 6%.

Form 41S is used to file corporate income tax for S corporations. For the first year of filing, the corporation must include either a copy of the federal approval of the S corporation or a federal Form 2553 along with Form 41S.

Estimated Tax Payment and Interest and Penalty is same for all the entities (C corporation, S corporation and Partnership LLC & LLP).



The due date for filing income tax return is on or before the 15th day of the fourth month following the close of the tax year.

If the income tax return is not filed by the due date, then the return can be extended up to **six months** with a valid extension. **Form 51** is used to file six months extension for business income tax.

Partnership LLC & LLP Tax

If a corporation is classified as a Partnership LLC or LLP for federal income tax purposes and meets either of the following criteria, it is required to file Idaho Form 65: The corporation is engaged in business activities in Idaho and the corporation is registered with the Idaho Secretary of State to conduct business in Idaho. The current tax rate on taxable business income in Idaho is 6%.

The due date for filing income tax return is on or before the 15th day of the fourth month following the close of the tax year.



Form 65 is used to file corporate income tax for Partnership LLC & LLP.

If the income tax return is not filed by the due date, then the return can be extended up to **six months** with a valid extension. **Form 51** is used to file six months extension for business income tax.

Estimated Tax Payment and Interest and Penalty is same for all the entities (C corporation, S corporation and Partnership LLC & LLP).

Estimated Tax Payment & Interest and Penalty

Estimated Tax Payment

During the first year of operation in Idaho, corporations are exempt from making estimated payments. However, starting from the second year, estimated payments become mandatory if the following conditions are met:

- The corporation is required to make federal estimated payments.
- The estimated Idaho tax liability for the corporation amounts to USD 500 or more.

To determine the appropriate estimated payment amount, corporations can use Form 41ES. There are two methods of making the estimated payment:

- a) Electronically through the Quick Pay option available on the website.
- b) By sending a check along with the voucher at the bottom of Form 41ES.

In case of underpaid estimated taxes during the year, corporations can use Form 41ESR, which should be included along with Form 41 when filing their taxes.

Interest and Penalty

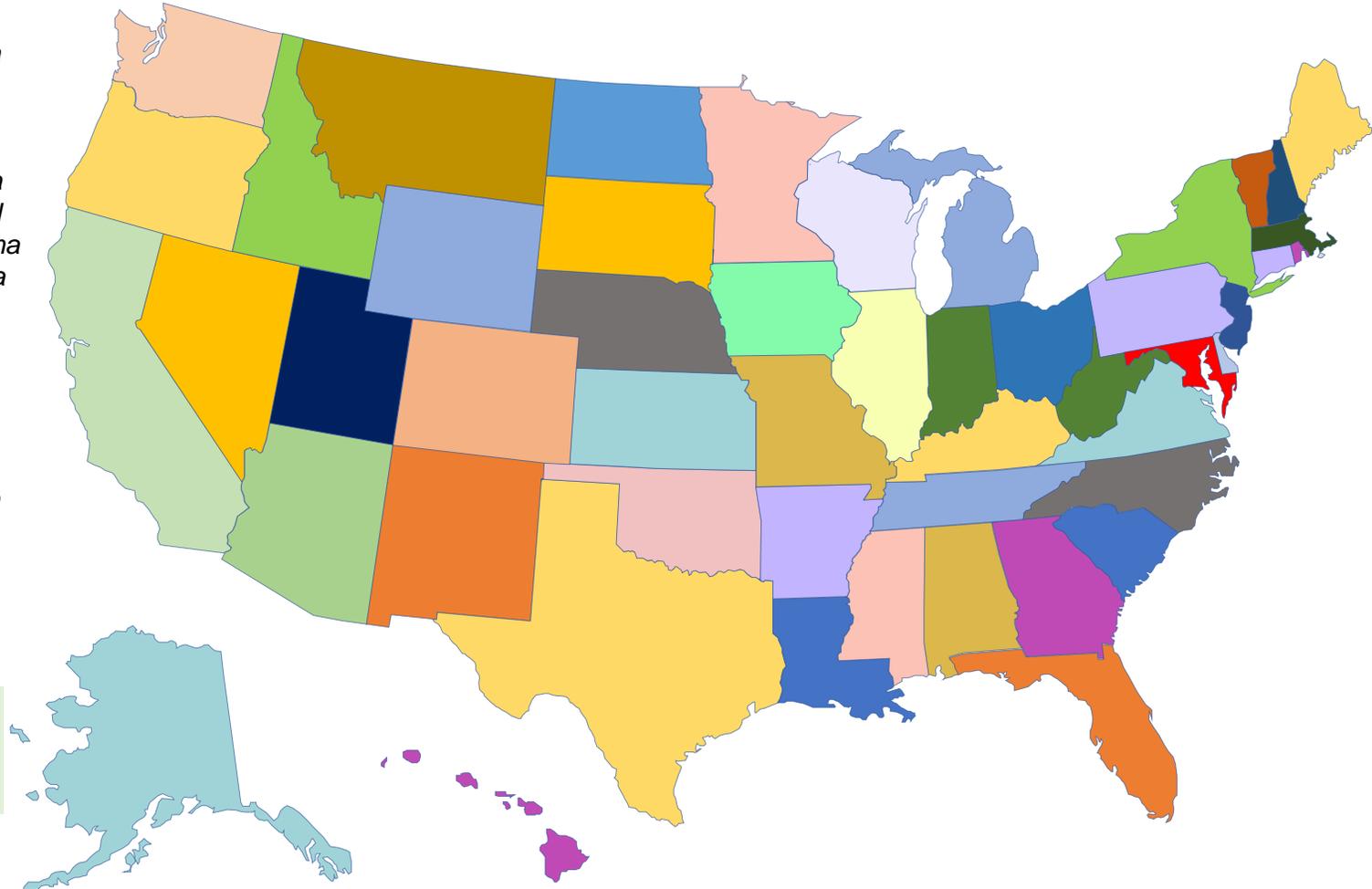
- Penalty for late payment: 0.5% of unpaid tax per month (up to 25% maximum).
- Penalty for late filing: 5% of unpaid tax per month (up to 25% maximum).
- Interest rate on outstanding tax: 5% (charged from the due date until paid in full).
- Minimum penalty: USD 10.



Upcoming Series

Please find below the list of completed alerts from the series. In case you have missed the previous alerts, click on the hyperlink for the completed alerts to refer the same.

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