

FORM 850 INSTRUCTIONS -- IDAHO SALES AND USE TAX

These instructions are to help you prepare your tax return. If you have questions about the application of sales and use tax laws, contact the nearest office of the State Tax Commission.

A RETURN MUST BE FILED FOR EACH TAX PERIOD, EVEN WHEN NO TAX IS DUE.
LABELS ARE INCLUDED FOR YOUR CONVENIENCE.

1. General. You are required to report tax using the accrual method. This means that you must report and pay tax on all cash and credit sales and items purchased subject to use tax even if payment has not been made. **You must sign your return to make it valid. Unsigned returns may result in penalty or interest, or both.**

2. Due Date. Returns cover either one month, quarter, semi-annual or annual period. **Each return indicates the period covered and the due date.**

Even if you have made no sales or acquired no items subject to use tax, you must file a return on time. Simply write -0- in the appropriate areas of the return.

3. Change of Mailing Address. Mark the "mailing address change" box on your tax return and provide the new address. If there is a change in location, see item #4.

4. Change in Operation/Ownership. Any change in operation of your business must be reported on an amended application. You must report changes in partners or officers, any restructuring of ownership, new location, address change, or additional locations.

5. New Owner. If you are a new owner of a business, **do not use a return which has been addressed to the former owner.** Permits are not transferable. Contact the nearest office of the State Tax Commission to obtain an application for a new number.

6. Cancel permit. If this is your last return, mark the "cancel permit" box on your tax return. Attach a statement giving information and the date of disposition of the business. If you operate more than one business under this permit number, please specify which business is closed and which is still open. Return your seller's permit with your request for cancellation.

Line 1. Total Sales. Enter the amount of all accrued sales for the period, including cash and credit transactions. Total Sales include:

- a. All sales originating in Idaho with an in-state destination, both wholesale and retail.
- b. All sales originating in Idaho with an out-of-state destination both wholesale and retail.
- c. All sales originating outside Idaho with an Idaho destination, both wholesale and retail.

Line 2. Nontaxable Sales. Enter the amount of all nontaxable sales for the period, including cash and credit transactions.

Line 3. Net Taxable Sales. Subtract line 2 from line 1.

Line 4. Items Subject to Use Tax. A use tax is imposed on the use, storage or other consumption of tangible personal property in Idaho upon which a sales tax has not been paid. Enter the taxable amount of items you purchased for use, storage or other consumption during this period on which you did not pay a sales tax.

Line 5. Total Taxable. Add lines 3 and 4.

Line 6. Tax. Multiply line 5 by 5%.

Line 7. Adjustments. Use this line when claiming adjustments to previous returns (such as errors in reporting or bad debt write-offs on accounts found to be worthless and actually charged off for income tax purposes). **A letter of explanation must be attached.** For assistance, call: (208) 334-7821 or toll-free 1-800-972-7660, ext. 7821.

Line 8. Tax Due. If line 7 results in an increase, add to line 6. If line 7 results in a decrease, subtract from line 6.

Line 9. Penalty. Delinquent returns are subject to penalty. No penalty is due if no tax is due. Penalty is 5% of the tax due for each delinquent month or portion of a month. The maximum penalty is 25% and the minimum penalty amount is \$10.00.

Line 10. Interest. Interest accrues on delinquent payments from the due date until paid. Rates are as follows:

- 1/1/2002 - 12/31/2002, 7% per year,
- 1/1/2001 - 12/31/2001, 8% per year,
- 1/1/2000 - 12/31/2000, 8% per year,
- 1/1/1999 - 12/31/1999, 7% per year.

Line 11. Total due this period. Add lines 8, 9 and 10. Pay this amount.

Taxes to be paid by electronic funds transfer. All payments to the State of Idaho may be paid by electronic funds transfer. Whenever the amount due is \$100,000 or greater, the law requires that electronic funds transfer be used. You must file your written tax return on or before the due date, indicating payment by Electronic Funds Transfer.

If you do not pay by electronic funds transfer, the total payment for tax due must accompany your return. Make your check or money order payable to the State Tax Commission. Do not staple your check to your return or send a check stub. Sign and date the return.

SAVE TIME - FILE ELECTRONICALLY...www2.state.id.us/tax/filing.htm or 1-888-952-6311

Mail return to: Idaho State Tax Commission, PO Box 76, Boise, Idaho 83707-0076

IDAHO STATE TAX COMMISSION OFFICES

800 Park Blvd., Plaza IV
PO Box 76
Boise, Idaho 83707-0076
(208) 334-7660
or
Toll Free: 1-800-972-7660

Hearing impaired (TDD)
1-800-377-3529

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