

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 24296
)
)
Petitioner.) DECISION
)
_____)

This case arises from an appeal of a State Tax Commission staff (staff) decision adjusting the property tax reduction benefit for taxable year 2011. This matter was submitted for a decision based on the documents in the file. The State Tax Commission has reviewed the file and makes its decision.

All property within the jurisdiction of this state is subject to property tax. A property tax reduction benefit program is available to certain qualifying individuals throughout the state. The benefit is in the form of a payment (either total or partial) of the applicant’s property tax on the dwelling he/she owns and occupies. The payment is funded by state sales tax funds.

[Redacted] (petitioner) filed an application with [Redacted] County for the property tax reduction benefit on March 29, 2011. The [Redacted] County Assessor’s office sent that application, together with other information, to the Tax Commission for review and processing.

Pursuant to Idaho Code § 63-707(5), the staff reviewed the petitioner’s application and supporting documentation and identified undocumented medical expenses. The staff sent the petitioner a letter advising him that his income total for the purpose of the property tax reduction benefit was going to be adjusted to reflect the allowable and substantiated expenses. The petitioner appealed the Intent to Deny Property Tax Reduction Benefit letter, and his file was transferred to the Legal/Tax Policy Division for administrative review.

Income for property tax reduction benefit purposes is defined in Idaho Code § 63-701(5)

as follows:

(5) "Income" means the sum of federal adjusted gross income as defined in the Internal Revenue Code, as defined in section 63-3004, Idaho Code, and to the extent not already included in federal adjusted gross income:

(a) Alimony;

(b) Support money;

(c) Nontaxable strike benefits;

(d) The nontaxable amount of any individual retirement account, pension or annuity, (including railroad retirement benefits, all payments received under the federal social security act except the social security death benefit as specified in this subsection, state unemployment insurance laws, and veterans disability pensions and compensation, excluding rollovers as provided in section 402 or 403 of the Internal Revenue Code);

(e) Nontaxable interest received from the federal government or any of its instrumentalities or a state government or any of its instrumentalities;

(f) Worker's compensation; and

(g) The gross amount of loss of earnings insurance.

It does not include capital gains, gifts from nongovernmental sources or inheritances. To the extent not reimbursed, the cost of medical care as defined in section 213(d) of the Internal Revenue Code, incurred or paid by the claimant and/or, if applicable, the claimant's spouse, may be deducted from income. To the extent not reimbursed, personal funeral expenses, including prepaid funeral expenses and premiums on funeral insurance, of the claimant and claimant's spouse only, may be deducted from income up to an annual maximum of five thousand dollars (\$5,000) per claim. "Income" does not include veterans disability pensions received by a person described in subsection (1)(e) who is a claimant or a claimant's spouse if the disability pension is received pursuant to a service-connected disability of a degree of forty percent (40%) or more. "Income" does not include lump sum death benefits made by the social security administration pursuant to 42 U.S.C. section 402(i).

Documentation of medical expenses may be required by the county assessor, board of equalization and state tax commission in such form as the county assessor, board of equalization or state tax commission shall determine.

"Income" shall be that received in the calendar year immediately preceding the year in which a claim is filed. (Emphasis added.)

In the present case, the petitioner has claimed medical expenses of \$19,697 but has failed to provide documentation to substantiate all of the expenses. The schedule A worksheet that accompanied the petitioner's [Redacted] income tax return listed two items pertaining to medical

expenses, Medicare Premiums of \$18,540, and Medicare Part D of \$1,157. The \$1,157 is shown on the petitioner's form RRB-1099 as a Medicare premium and was therefore allowed. The other amount is also shown on the RRB-1099 but in the box entitled gross social security equivalent benefit paid. It is assumed this figure was placed on the schedule A worksheet in error. Regardless, the petitioner has not provided any documentation to support the total amount of medical expenses claimed on the application. Therefore, the Commission issues its decision on this matter based on the information currently in the file.

For property tax reduction benefit purposes, medical expenses defined in the Internal Revenue Code are deducted from income. The petitioner has only provided documentation for \$1,157 of the \$19,697 medical expenses shown on the application. When the \$1,157 of allowable medical expenses is excluded from income, the petitioner's net income for the purpose of the property tax reduction benefit is \$31,247.

The petitioner's 2010 income for the purpose of the property tax reduction benefit exceeds the \$28,000 maximum income allowed for a minimum 2011 property tax reduction benefit. The petitioner must be denied the benefit.

An explanation of the taxpayer's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2011.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2011, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.
