

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
[Redacted],) DOCKET NO. 25930
)
)
Petitioner.) DECISION
)
_____)

This case arises from a timely protest of a State Tax Commission (Commission) staff's decision denying the property tax reduction benefit for 2013. [Redacted]

[Redacted] (claimant) filed an application for a property tax reduction benefit [Redacted]Idaho Code § 63-707, the county assessor sent the application to the Commission for review and processing. [Redacted]

An Intent to Deny Property Tax Reduction Benefit letter was sent on September 5, 2013, to inform the claimant that his income total for property tax reduction benefit purposes would be increased to include his [Redacted] adjusted gross income. A timely protest was received by the Commission on September 9, 2013. The claimant protested the intended denial of the property tax reduction benefit, stating that he was only married one month. He provided a divorce decree effective June 11, 2013. The claimant filed a joint tax return for 2012, reporting a [Redacted] adjusted gross income of \$48,154. The claimant's file was transferred to the Legal/Tax Policy Division for administrative review.

All property within the jurisdiction of this state is subject to property tax. A property tax reduction benefit is available to certain qualifying individuals. The benefit is in the form of a payment of all, or a portion of, the property tax on the dwelling the claimant owns and occupies. The payment is funded by state sales tax.

Eligibility for the property tax reduction benefit is based on status, ownership, and income. In order to be eligible for the benefit, the claimant must qualify in all three areas. In this case, the issue is income. The amount of property tax reduction depends on the income received by the claimant, and if married, the claimant's spouse. The benefit decreases as the claimant's income increases. Claimants with net household income over \$28,000 do not receive a benefit.

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

(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 any return of principal paid by the recipient of an annuity and 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 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, if married, 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 dependency and indemnity compensation or death benefits paid to a person described in subsection (1) of this section by the United States department of veterans affairs and arising from a service-connected death or disability. "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. Where a claimant and/or the claimant's spouse does not file a federal tax return, the claimant's and/or the claimant's spouse's federal adjusted gross income, for purposes of this section, shall be an income equivalent to federal adjusted gross income had the claimant and/or the claimant's spouse filed a federal tax return, as determined by the county assessor. The county assessor, board of equalization or state tax commission may require documentation of income in such form as each shall determine, including, but not limited to: copies of federal or state tax returns and any attachments thereto; and income reporting forms such as the W2 and 1099. (Emphasis added.)

The claimant reported social security income of \$17,987, and subtracted medical expenses of \$1,198, for net household income of \$16,789. The scheduled benefit for the reported net household income was \$920.

The calculation of income for the property tax reduction benefit starts with [Redacted] adjusted gross income and, thereafter, makes certain additions and deductions. In the present case, the claimant did not begin with the [Redacted] adjusted gross income, which was reported on line 37 of their 2012 [Redacted] income tax return as \$48,154. The [Redacted] adjusted gross income includes taxable social security income of \$9,284, when subtracted from the total social security income leaves nontaxable social security income of \$8,703. The total of the [Redacted] adjusted gross income and nontaxable social security is \$56,857. Subtracting medical expenses of \$1,198, leaves a net household income of \$55,659.

Since the claimant's household income exceeds the maximum allowable income of \$28,000, he is denied a property tax reduction benefit for 2013.

THEREFORE, the decision of the Commission to deny the property tax reduction benefit for taxable year 2013, is hereby APPROVED and MADE FINAL.

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

DATED this _____ day of _____ 2014.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2014, 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.
