

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-595-445-760
[Redacted],	)	
	)	
Petitioner.	)	DECISION
_____	)	

This case arises from a timely protest of an Idaho State Tax Commission (Commission) decision adjusting a property tax reduction benefit for 2016. This matter was submitted for a decision based on the documents in the file. The Commission has reviewed the file and makes its decision based on the contents in the file.

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 payment of all or a portion of the applicant’s property tax on the dwelling he/she owns and occupies. The payment is funded by state sales tax. The amount of property tax reduction depends on income—the greater the income, the smaller the benefit.

[Redacted] (Petitioner) filed an application for a property tax reduction benefit with [Redacted] County on April 4, 2016. The application was approved, and Petitioner received a benefit for payment of the property tax on her homestead.

Idaho Code §§ 63-707 and 63-708 provide for an audit of all claims and recovery of benefits that have been paid in error. In conjunction with the audit, Petitioner was notified of an adjustment to include interest income not reported on her application, and she was asked to complete a medical expense form, and furnish receipts for the \$27,339 of medical expenses she had claimed in her application. When no response was received, a Notice of Deficiency Determination (NODD) was issued on April 4, 2017, and Petitioner was asked to repay the amount of the benefit received plus interest. Petitioner protested the determination, returning a copy of

the NODD with the handwritten statement, "I need to file a protest." Petitioner's file was transferred to the Appeals unit for administrative review.

Petitioner did not respond to a letter from the tax appeals specialist that outlined her appeal rights and has not provided any documentation for the Commission's consideration.

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.)

Idaho Code § 63-701(5)

For property tax reduction benefit purposes, medical expenses defined in the Internal Revenue Code are deducted from income. However, Petitioner has only provided documentation for \$1,259 of the \$27,339 medical expenses shown on the application. When the \$1,259 of allowable medical expenses is excluded from income, Petitioner’s net income for the purpose of the property tax reduction benefit is \$35,722.

Petitioner’s 2015 income for the purpose of the property tax reduction benefit exceeds the \$29,470 maximum income allowed for a minimum 2016 property tax reduction benefit. Petitioner must be denied the benefit.

THEREFORE, the NODD dated April 4, 2017, is hereby APPROVED and MADE FINAL. IT IS ORDERED that Petitioner repay the following 2016 property tax reduction benefit plus interest:

<u>BENEFIT</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$433.94	\$3.70	\$437.64

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of Petitioner’s right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2017, 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.

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