

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 1-581-205-504
[Redacted],	)	
	)	
Petitioner.	)	DECISION
_____	)	

This case arises from your timely protest of a State Tax Commission (Commission) decision adjusting your property tax reduction benefit for 2014. The Commission reviewed the information in the file and this is our final decision. The Commission upholds the Notice of Deficiency Determination (Notice). This means you must pay \$559.57. Demand for immediate payment of this amount is hereby made and given.

**Background**

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 applicant’s property tax on the dwelling he/she owns and occupies. State sales tax funds these payments. The amount of the 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]. The Commission approved the application and Petitioner received a benefit for payment of the property tax on his homestead.

Idaho Code §§ 63-707 and 63-708 provide for an audit of all claims and the recovery of benefits that have been paid in error. During review of Petitioner’s application, and records available to the Commission, the staff discovered omitted income. The omitted income was capital gains from the sale of an asset, in this case, stock.

The Commission issued a Notice on April 5, 2017, requesting Petitioner repay a portion of

the benefit received plus interest. Petitioner protested the Notice. The file was transferred to the Appeals unit for administrative review.

Income for property tax reduction benefit purposes is defined in Idaho Code § 63-701(5). A complete copy is attached to this decision.

### Analysis

In the present case, Petitioner included federal adjusted gross income of \$15,055 and social security income of \$7,475 on the application. However, Commission records show income from the sale of stocks in the amount of \$6,957, which Petitioner failed to include on the schedule D filed with his federal income tax return. Petitioner was asked to provide his cost basis for these omitted stock sales, but has been unable to do so.

When the \$6,957 of additional income reported to Petitioner on Form 1099B is added to the adjusted gross income \$15,055 and the social security income of \$7,475, and medical expenses of \$1,259 are deducted, the resulting net income for property tax reduction benefit purposes is \$28,228. Petitioner qualifies to receive a maximum property tax reduction benefit of an amount not to exceed **\$150**.

THEREFORE, the Notice dated April 5, 2017, is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner repay the following 2014 property tax reduction benefit plus interest:

<u>BENEFIT</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
\$510.00	\$49.57	\$559.57

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

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

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

Section 63-701(5) – Idaho State Legislature

(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 26 U.S.C. 402 or 403, and excluding the nontaxable portion of a Roth individual retirement account distribution, as provided in 26 U.S.C. 408A;
- (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) of this section 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. 402(i). Documentation of medical expenses may be required by the county assessor and state tax commission in such form as the county assessor 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 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 W-2 and 1099.

For determining income for certain married individuals living apart, the provisions of sections 2(c) and 7703(b) of the Internal Revenue Code shall apply.

**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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