

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-018-548-736
██████████,)	
)	
Petitioner.)	DECISION
_____)	

On October 15, 2019, the Property Tax Division (Division) at the Idaho State Tax Commission (Tax Commission) notified ██████████ (Petitioner) of its intent to deny property tax reduction benefits for tax year 2019. On October 19, 2019, Petitioner filed a timely appeal and petition for redetermination of the intent to deny property tax reduction benefits.

On November 27, 2019, the Tax Appeals Unit at the Tax Commission mailed a letter to Petitioner informing him he could request a hearing or submit additional documents. Petitioner did not respond. Therefore, based on the information available, the Commission hereby issues its decision to uphold the Notice.

The amount of property tax reduction depends on income—the greater the income, the smaller the benefit. However, income is defined differently for the property tax reduction benefit program than it is described in the income tax code. Income for property tax reduction benefit purposes is defined in Idaho Code section 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.

In this case, the Defense Finance and Accounting Services (DFAS) issued a 1099-R to Petitioner reporting \$19,172 in taxable retirement pay. Petitioner did not report this income on his application for property tax reduction benefits. The Division determined Petitioner was required to include this income on his application property tax reduction benefits in accordance with Idaho

Code section 63-701(5). Petitioner appealed arguing the income is nontaxable and the income is actually 80% Veteran Affairs (VA) disability pay.

Based on the facts presented, the \$19,170 in retirement pay paid by DFAS is includable in income under Idaho Code section 63-701(5) for purposes of the property tax reduction benefit. Petitioner has not provided any documentation proving the pay was VA disability pay received pursuant to a service-connected disability of a degree of forty percent (40%) or more.

Therefore, the decision of the Tax Commission to deny Petitioner a 2019 property tax reduction benefit is hereby APPROVED and MADE FINAL.

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

DATED this _____ day of _____ 2020.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2020,
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.

[REDACTED]