

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 0-664-252-416
██████████,	)	
	)	
Claimant.	)	DECISION
_____	)	

This case arises from a timely protest of an Idaho State Tax Commission (Commission) staff decision to deny the property tax reduction benefit for 2018. This matter was submitted for a decision based on the documents in the file. The Commission has reviewed the file and makes its decision.

██████████ (Claimant) filed a property tax reduction benefit application on April 15, 2018. Claimant reported total income on the application of \$30,187 which consisted of:

Social Security income	\$8,400
Pensions and annuities	26,132
Interest income	33
Qualified Medical expenses	<u>(4,378)</u>
Total	\$30,187

During a review of the application and comparison of the information provided by Claimant, the staff did not find a discrepancy and agreed with her submitted application reflecting a total net income of \$30,187.

After further review by Commission staff, claimant was sent a letter informing her that the total income of \$30,187 reported on the application exceed the maximum amount allowed (\$30,050) by \$137. Claimant protested and argued that \$1,836 of the pension income reported on the application was actually her contributions to her employer sponsored retirement programs. Claimant stated this amount was not deducted on her previously filed tax returns and should not be included in income for qualifying for the

property tax reduction benefit. Claimant did not request a hearing or provide additional information. Claimant file was transferred to the Tax Appeals Unit for an administrative review.

All owner-occupied residential real property within the jurisdiction of this state is subject to property tax. The property tax reduction benefit program is available to certain qualifying individuals throughout the state. The benefit is in the form of 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.

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) in pertinent part:

- (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); (emphasis added)

The calculation of income for the purpose of the property tax reduction benefit starts with federal adjusted gross income, or the equivalent thereof, and thereafter, makes

certain additions and deductions. Social Security income is required to be reported on the federal income tax return but for the majority of taxpayers it is not included in federal adjusted gross income. For the purpose of the property tax reduction benefit social security income, taxable and non-taxable, is included in the calculation of income along with the nontaxable amount of any individual retirement account, pension or annuity, to determine the benefit amount a qualified applicant is to receive.

Claimant did not provide any evidence to support her position that the \$1,836 of pension income was not previously included in federal adjusted gross income. Because claimant's income exceeded the maximum allowed amount, the claimant does not qualify for the 2018 property tax reduction benefit.

THEREFORE, the decision of the Commission staff to deny the property tax reduction benefit is APPROVED and MADE FINAL.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

IDAHO STATE TAX COMMISSION

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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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Receipt No.

\_\_\_\_\_