

emails occurred between Petitioner and Appeals; however, no documentation supporting the Idaho withholding claimed or estimated payment was received. The Tax Commission decides the matter based upon the information available.

LAW AND ANALYSIS

During Appeals' review, it was determined that Petitioner's only income for 2024 was reported on Form 1099-R. Petitioner incorrectly reported this income as wages rather than income from an annuity. Idaho Code section 63-3022A allows for a deduction of certain retirement benefits, including annuities paid by the U.S. Office of Personnel Management, if specific requirements are met.

63-3022A Deduction of certain retirement benefits.

(1) An amount specified by subsection (2) of this section of the following retirement benefits may be deducted by an individual from taxable income:

(a) If such individual has either attained age sixty-five (65) years or has attained age sixty-two (62) years and is classified as disabled:

(i) Retirement annuities paid to a retired employee or the unmarried widow or widower of a retired employee by the United States of America under the:

1. Civil service retirement system; or
2. Foreign service retirement and disability system; or
3. Offset program of the civil service retirement system or foreign service retirement and disability system.

A review of Petitioner's annuity issued by the U.S. Office of Personnel Management, shows it qualifies for the retirement benefits deduction. Using the calculation from Idaho Form 39R, the allowable deduction is determined as follows:

Retirement Benefits Deduction

1. If single enter \$45,864, or if married filing jointly enter \$68,796	\$45,864
2. Federal Railroad Retirement benefits received	\$0
3. Social Security benefits received	\$0
4. Line 1 minus lines 2 and 3. If less than zero, enter zero	\$45,864
5. Qualified retirement benefits included in federal income	\$38,906
6. Enter the smaller of line 4 or 5 here and on Part B, line 8	\$38,906

Accordingly, the Tax Commission will modify the Notice to allow Petitioner a \$38,906 deduction from Idaho taxable income.

CONCLUSION

Petitioner claimed Idaho withholding and estimated tax payments that were not supported by Tax Commission records. The Division properly removed those amounts. However, Petitioner qualifies for the retirement benefits deduction under Idaho Code section 63-3022A, which reduces her Idaho taxable income to zero and increases her refund from \$79 to \$130.

<u>YEAR</u>	<u>REFUND CLAIMED</u>	<u>REFUND ALLOWED</u>
2024	\$79	\$130

THEREFORE, the Notice dated November 5, 2025, and directed to [REDACTED] is hereby MODIFIED and MADE FINAL.

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

DATED this _____ day of _____ 2026.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2026,
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.
