

Department of Veterans Affairs. When the omitted income was included, Petitioner's total income for the purpose of the property tax reduction exceeded the maximum amount allowed to receive a benefit. Therefore, a Notice was issued requesting Petitioner re-pay the benefit received plus interest.

Petitioner protested the Notice, stating he does not receive a 1099 or other tax information regarding his military service-connected disability and is tax exempt. Petitioner also stated he is otherwise 100% disabled and should not be penalized just because he "wasn't hurt as bad" as his military brothers and sisters.

After receiving Petitioner's protest, Property Tax forwarded the matter to the Tax Commission's Appeals unit for administrative review. Appeals sent Petitioner a letter outlining his options for redetermining a protested Notice. Petitioner responded, requesting an informal hearing which was held telephonically on July 14, 2022. During the hearing, Petitioner presented a similar argument to that in his protest letter and did not provide any additional information for the Tax Commission's consideration.

LAW AND ANALYSIS

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 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 and 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. (Emphasis added)**

Petitioner received a veterans disability pension in 2021 that is 10% service connected.

Under current Idaho Code, this income needs to be included in the net household income calculation for the property tax reduction benefit. Only veteran disability pensions pursuant to a service-connected disability of a degree of 40% or more is excluded from net income.

The calculation of income for the property tax reduction benefit begins with federal adjusted gross income. If the claimant does not file a federal income tax return, the starting point for the income calculation is the equivalent of the federal adjusted gross income, had the claimant filed a federal return.

In the present matter, Petitioner did file a federal income tax return. Therefore, the starting point of the calculation is his reported federal adjusted gross income of \$6,989. When his social security income of \$26,623 and his veteran disability pension of \$1,707 is added, his subtotal income for the program is \$35,319. Petitioner reported \$2,582 of medical expenses which is deducted from the subtotal. With his medical expenses deducted, his net household income for the

purposes of the property tax reduction benefit is \$32,737. For 2021, the maximum income amount to receive a benefit is \$31,900, which makes Petitioner ineligible to receive a benefit.

CONCLUSION

Petitioner omitted income on his 2021 application for property tax reduction benefits. When the Tax Commission includes this income, Petitioner’s net household income exceeds the maximum income amounts to receive a benefit. He is not entitled to the benefits he received for 2021.

Therefore, the Notice dated April 13, 2022, and directed to _____ is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner repay the following 2021 property tax reduction benefit plus interest.

<u>YEAR</u>	<u>BENEFIT PAID</u>	<u>BENEFIT ALLOWABLE</u>	<u>AMOUNT DUE</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$290	\$0	\$290	\$1.31	<u>\$291.31</u>

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 _____ 2022.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2022,
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.
