



which makes him her dependent. After receiving Petitioner's protest, the Division referred the matter to the Tax Commission's Appeals Unit (Appeals) for administrative review. Appeals sent Petitioner a letter informing her of the options available for redetermining a protested Notice. Petitioner did not respond.

## LAW AND ANALYSIS

All property within the borders of Idaho is subject to property tax. Idaho Code, Title 63, Chapter 7 provides property tax relief on a homestead for certain qualifying owners of the homestead. Qualifying owners cannot have income above a certain amount. For benefit year 2023, the maximum allowed income is \$37,000.

Income, for purposes of the property tax reduction benefit, is defined in Idaho Code section 63-701(5) as the sum of federal adjusted gross income (AGI), as defined in the Internal Revenue Code and Idaho Code section 63-3004, and to the extent not already included in federal AGI:

- (a) Alimony,
- (b) Support money,
- (c) Nontaxable strike benefits,
- (d) The nontaxable amount of:
  - individual retirement accounts,
  - pensions and annuities,
  - social security (other than the death benefit),
  - state unemployment insurance,
  - veterans' disability pensions and compensation,
- (e) Tax exempt interest on government securities,
- (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. **(Emphasis added)**

As stated in the statute above, a deduction for medical care, as defined in Internal Revenue Code (IRC) section 213(d), is allowed when determining a claimant's household income. This same statute, 213(a), lists whose medical expenses can be claimed.

There shall be allowed as a deduction the expenses paid during the taxable year, not compensated for by insurance or otherwise, for medical care of the taxpayer, his spouse, or a dependent (as defined in section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof), to the extent that such expenses exceed 7.5 percent of adjusted gross income.

Petitioner's application claimed \$42,199 in medical expenses, including \$40,849 for her son's dental work. However, Petitioner's 2022 individual income tax return did not list her son as a dependent. Because he was not claimed as a dependent his dental expenses cannot be deducted. Petitioner's application also included \$5,000 in funeral expenses. The funeral invoice was dated December 23, 2021, and is marked "Paid in Full". To qualify for the 2023 PTR benefit, the expense must have been incurred in 2022. No documentation was provided to show that payment in 2022; therefore, the funeral expense must also be disallowed.

**CONCLUSION**

Petitioner received a 2023 property tax reduction benefit of \$1,133.02, based on the amount of income shown in her application. After an audit of the application, it was determined Petitioner qualifies for a benefit of only \$340 and a Notice was issued requesting repayment of \$847.87. However, upon further review of the Notice, a mathematical error was identified in Petitioner’s favor. Correcting this error increases her allowable benefit to \$380.

Accordingly, Petitioner must repay (\$753.02), plus interest, for the 2023 benefit received in excess of the corrected amount.

THEREFORE, the Notice dated June 26, 2025, and directed to [REDACTED] [REDACTED] is hereby MODIFIED, and as modified, APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner repay the following 2023 benefit, and interest:

<u>YEAR</u>	<u>BENEFIT</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$753.02	\$51.23	\$804.25

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 \_\_\_\_\_ 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.

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