

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
████████████████████) DOCKET NO. 1-274-450-944
████████████████████)
Petitioner.) DECISION
████████████████████)

████████ (Petitioner) protested the Notice of Deficiency Determination (Notice) dated April 1, 2025, issued by the Property Tax Division (Division) of the Idaho State Tax Commission (Tax Commission). Petitioner objected to the Notice which requested repayment of a 2024 Idaho Property Tax Reduction Benefit. The Tax Commission reviewed the matter and hereby upholds the Notice for the reasons stated below.

BACKGROUND

Petitioner filed an application for a 2024 property tax reduction benefit with the ██████████ County Assessor's Office. ██████████ County sent the application to the Division for processing. The Division approved Petitioner's 2024 application, and she received a benefit for payment of a portion of the property taxes on her homestead.

Idaho Code sections 63-707 and 63-708 provide for an audit of all claims and recovery of benefits paid in error. During an audit of Petitioner's application, the Division discovered Petitioner included her brother's funeral expenses on the application. The Division removed the expenses shown on Petitioner's application, which increased Petitioner's net household income and decreased the amount of allowable benefit. Therefore, a Notice was issued requesting Petitioner re-pay a portion of the benefit she received.

Petitioner protested the Notice stating she was not aware that the only allowable funeral expenses were those paid for her or her spouse.

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 for property tax relief on a homestead for certain qualifying owners of the homestead.

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. (Emphases added)

In the present matter, Petitioner claimed a deduction for funeral expenses in the amount of \$2,242. Although she provided information to adequately substantiate the expenses, this expense was for her brother. The statute allows a deduction for funeral expenses for claimant and claimant's spouse only. Therefore, Petitioner cannot claim the funeral expenses on her application.

CONCLUSION

Petitioner received a 2024 property tax reduction benefit of \$730, based on the amount of income shown in her application. However, Petitioner's application incorrectly deducted funeral expense for her brother. When this deduction is removed, Petitioner qualifies to receive a benefit of only \$590; she must re-pay \$140, plus interest.

THEREFORE, the Notice dated April 1, 2025, and directed to [REDACTED] is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner repay the following 2024 tax, and interest:

<u>YEAR</u>	<u>BENEFIT</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$140	\$0	\$140

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 _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2025,
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.

[REDACTED]
