

omitted income to that 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 benefits received.

Petitioner protested the Notice, arguing that the amount of additional income from her late husband's annuity is incorrect. Property Tax responded, providing Petitioner with a copy of the 1099-R which shows the annuity distribution was not that of her husband's, but rather a distribution reported in her name. Petitioner responded, thanking Property Tax for the clarification, and providing more information related to the distribution. However, the additional information did not resolve the protest and Property Tax forwarded the matter to the Tax Commission's Appeals (Appeals) unit for administrative review.

Appeals sent Petitioner a letter on August 8, 2022, outlining her options for redetermination of the Notice. Petitioner responded, providing more documentation for the Tax Commission's consideration but she did not request an informal hearing.

Law and Analysis

Income for the property tax reduction benefit is defined in Idaho Code section 63-701(5) as follows:

- (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;(Emphasis added)

- (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, 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 outlined in the above statute, income received in the previous year is used in the calculation of a claimant's household income in the year for which a claim is filed. In the present matter, Petitioner and her late husband received annuity distributions in 2019; \$7,000 and \$4,000, respectively. Petitioner's application showed her husband's distribution but because she included the entire amount in her federal adjusted gross income, it did not need to be reported separately and was removed.

However, Petitioner's application nor her federal tax return reported the distribution she

received in 2019. The information Petitioner provided during the administrative appeal shows there may have been some confusion or misunderstanding between Petitioner and the insurance company who issued the annuity. Nonetheless, Petitioner received an annuity distribution in 2019 and she must include it in income on her 2020 application for property tax reduction benefit. When Petitioner's annuity distribution is added to the income reported on her application, her net household income is \$21, 477, which qualifies her for a benefit not to exceed \$760.

Conclusion

Petitioner received a 2020 property tax reduction benefit of \$1,090, based on the amount of income shown in her application. However, Petitioner's application did not include income she received in 2019 from an annuity distribution. When this income is added, Petitioner qualifies to receive a benefit of only \$760; she must re-pay \$330, plus interest.

THEREFORE, the Notice dated May 19, 2022, and directed to _____ is hereby APPROVED and MADE FINAL.

IT IS ORDERED that Petitioner repay the following 2020 property tax reduction benefit plus interest.

<u>YEAR</u>	<u>BENEFIT</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	\$330	\$10.23	\$340.23

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.
