

Use this form to elect the qualified investment exemption (QIE) from property tax for property placed in service during calendar year 2025.

Name	Social Security number or EIN
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If this corporation is included in a combined report, enter the name of the corporation the Idaho income tax return is filed under, if different than above.

Name	EIN
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**Election** — I elect to exempt the following property that was placed in service during calendar year 2025 from property tax for 2026 and 2027. I understand I waive my right to claim the investment tax credit on this property at any time. Once I make the election, I can't change it. I must recapture the property tax benefit if, during the five-year recapture period, the property no longer qualifies as a qualified investment as defined in Idaho Code section 63-3029B.

**Loss in Second Preceding Tax Year** — To qualify for the QIE, you must have had an Idaho income tax loss without regard to net operating loss carryovers or carrybacks in the second preceding tax year from the income tax year you placed the property in service. If you file income tax returns on a fiscal year basis, see the instructions to determine your qualifying loss years. County assessors can check with the Tax Commission to verify you had a loss in the applicable years.

List the ending date of your tax years that ended in calendar year 2025 \_\_\_\_\_

If you had a short-period tax year during calendar year 2025 or during the previous two years, include a statement that shows your tax year ending dates.

I elect to claim the QIE on the property listed below. The exemption for used property is limited. See instructions.

Asset Number	Asset Description (Describe what the asset is, including make, model, and serial number)	County in Which Asset Located	Date Placed in Service	Qualifying Loss Year (List beginning and ending date)	New or Used	Original Cost
				to		
				to		
				to		
				to		
				to		
				to		
				to		
				to		

(If additional space is required, complete Page 2.)

Under penalties of perjury I affirm that, to the best of my knowledge and belief, the property listed on Form 49E is qualified investment property as defined in Idaho Code section 63-3029B, and that I haven't or won't claim the Idaho investment tax credit on the listed property.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print Contact Name \_\_\_\_\_ Contact Phone Number \_\_\_\_\_

To elect the QIE, you must include this form with the operator's statement or personal property declarations filed for 2026. You must also include a copy of this form with your original Idaho income tax returns for the tax years in which the property was placed in service.

[illegible]

*(If you need more space, complete additional pages.)*

# Form 49E — Instructions Election to Claim the Qualified Investment Exemption from Property Tax Instead of Investment Tax Credit **2025**

## General Instructions

Use Form 49E to elect an exemption from property tax for personal property instead of earning the Idaho investment tax credit (ITC) on the property. The exemption from property tax on personal property is referred to on Form 49E and in these instructions as the qualified investment exemption (QIE).

The QIE is allowed for the two calendar years that follow the end of the calendar year that the qualifying property was placed in service. For example, for property placed in service during calendar year 2025, the QIE is available for calendar years 2026 and 2027.

If you elect the QIE, you can't earn the ITC for Idaho income tax purposes on that property. You can't change your election to claim the QIE on property once you've made it. Compute recapture if you sell or otherwise dispose of an item of property that you claimed the QIE on or if the property no longer qualifies during the five-year period starting with the date the property was placed in service. Use Form 49ER to calculate the recapture.

Include Form 49E with your operator's statements or personal property declarations filed for 2026. Include a copy of this form with your original Idaho income tax returns for the income tax years when the property was placed in service. If you submit multiple Forms 49E to one or more assessors, include a copy of each Form 49E with the applicable year's income tax returns.

### Qualifying Taxpayers

To qualify for the QIE, you must:

- Not have your rate of charge or rate of return regulated or limited by federal or state law, and
- Have had negative Idaho taxable income in the second preceding income tax year from the income tax year in which you placed the property in service

Negative Idaho taxable income is computed for a year before applying any net operating losses from other years that you may be able to carry forward or carry back to that year. Such negative income must coincide with you doing business in Idaho during the same second preceding income tax year from the date you placed the property in service.

To determine whether you had negative Idaho taxable income in the second preceding income tax year, you must go back two income tax years from the income tax year when you placed the property in service. For example, if you file income tax returns on a calendar year basis and you placed property in service during calendar year 2025, you must have had negative Idaho taxable income for the calendar year 2023 to qualify for the election. A short tax year counts as one income tax year.

If you file income tax returns on a fiscal year-end basis and in one calendar year you placed property in service in two different fiscal years, you'll need to determine separately for each fiscal year whether you had negative Idaho taxable income in the second preceding income tax year from the tax year the property was placed in service.

For example, you file income tax returns for the fiscal year ending August 31. Assuming you had no short tax years, assets you placed in service from:

- January 1, 2025, through August 31, 2025, are assets placed in service during fiscal year ended August 31, 2025. You must have had negative Idaho taxable income for the fiscal year ended August 31, 2023, to elect the QIE on any of these assets.
- September 1, 2025, through December 31, 2025, are assets placed in service during fiscal year ended August 31, 2026. You must have had negative Idaho taxable income for the fiscal year ended August 31, 2024, to elect the QIE on any of these assets.

If you're part of a unitary group of corporations filing a combined report for Idaho income tax purposes, you must look to your Idaho taxable income as computed according to Idaho Code section 63-3027 to determine whether you had negative Idaho taxable income in the second preceding tax year. This will be computed by applying your Idaho apportionment factor to the combined income or loss for that year and including your income or loss allocated to Idaho.

The following table provides examples of determining the second preceding income tax year. The second and fourth examples show how you determine the second preceding tax year when you have a short tax period that results from a change in income tax years.

Tax Year Property Placed in Service	First Preceding Tax Year	Second Preceding Tax Year
Calendar year 2025	Calendar year 2024	Calendar year 2023
Calendar year 2025	Calendar year 2024	Short tax year beginning Feb. 1, 2023, and ending Dec. 31, 2023
Fiscal year beginning Sept. 1, 2024, and ending Aug. 31, 2025	Fiscal year beginning Sept. 1, 2023, and ending Aug. 31, 2024	Fiscal year beginning Sept. 1, 2022, and ending Aug. 31, 2023
Fiscal year beginning Sept. 1, 2024, and ending Aug. 31, 2025	Short tax year beginning Jan. 1, 2024, and ending Aug. 31, 2024	Calendar year 2023

**Qualifying Property**

The following is a brief description of qualifying property. For more detailed information, call the Tax Commission at (208) 334-7660 in the Boise area or toll free at (800) 972-7660.

**General Information**

The QIE is available only on property that qualifies for the Idaho ITC. Idaho generally follows the definition of qualified investment credit property found in the Internal Revenue Code (IRC) Sections 46 and 48 as in effect prior to 1986. The property must be used in Idaho the first year it's placed in service.

Qualifying property generally includes:

- Tangible personal property – machinery and equipment
- Other tangible property
  - Property used as an integral part of manufacturing, production, extraction, or
  - Furnishing transportation, communications or utility services, or
  - Research facilities and bulk storage facilities used in connection with those businesses
- Elevators and escalators
- Single-purpose agricultural or horticultural structures
- Qualified timber property
- Petroleum storage facilities
- Qualified broadband equipment as approved by the Idaho Public Utilities Commission

Items that don't qualify include:

- Buildings and their structural components
- Property used in certain lodging facilities
- Construction in progress
- The cost of property expensed

**Denial of QIE**

If the QIE is denied for all or part of the market value of any property, the county assessor will notify you with the reason for the denial.

**Specific Instructions****Heading**

Enter the name that's used on your personal property declaration or operator's statement.

Enter your Social Security number or your federal Employer Identification Number, whichever is applicable, in the space provided. If you were included in a combined report, enter the name of the corporation the Idaho income tax return is filed under and its federal Employer Identification Number.

**Loss in Second Preceding Tax Year**

You must have had negative Idaho taxable income not including net operating loss carryovers or carrybacks in the second preceding tax year from the income tax year you placed the property in service. In the space provided, enter the last day of your income tax year that ended in calendar year 2025. For example, if you're a calendar year taxpayer, enter December 31, 2025. If you're a fiscal year taxpayer, enter the last day of the fiscal year that ended during 2025. If you had two income tax filing periods that ended during 2025, enter both ending dates.

If during calendar year 2025 or the previous two years you had a short-period tax year for income tax purposes, include a statement that lists the ending dates for each income tax filing period during that two-year period. For example, if during 2024 you changed from filing income tax returns on a calendar year basis to filing them on a June 30 year-end basis, include a schedule identifying the tax year ending dates as December 31, 2023, and June 30, 2024.

**Listing of Property Elected**

Designate each specific asset and its location you're claiming the QIE on. Group listings of assets won't be accepted. If you can't list all the elected assets on page 1, use additional copies of page 2 as needed.

**Asset Number**

Enter the asset's assigned identification number.

**Asset Description**

Enter a description of the asset. The description must be detailed enough to identify what the property is and to determine if it qualifies. If the make, model, or serial number isn't available, include other identifying information that will describe the asset.

**Asset Location**

Enter the county where the asset is located. If the property is used in more than one county, enter the home county where the asset is located.

If you're claiming the QIE on used property, notify all counties where you're claiming the QIE of the amount of used property elected. You can do this in one of two ways:

- Include copies of all Forms 49E that list used property to the personal property declaration sent to each county, or
- Complete a separate Form 49E that lists only used property, and send that to each county

If you're electing the QIE for property that's assessed as nonregulated operating property by the Tax Commission, list on Form 49E every county where each asset is located regardless of whether the asset is new or used.

**Date Placed in Service**

Enter the date you placed the asset in service. Property is placed in service in the earlier of:

- The income tax year in which, under your depreciation practice, the period for depreciation of the property begins, or
- The income tax year in which you placed the property in a condition or state of readiness and availability for a specifically assigned function

If you didn't use the asset in Idaho during the first year the property was placed in service, the asset doesn't qualify. For example, if you purchased the asset in 2023 and used the asset outside of Idaho until moving it to Idaho to use during 2025, the asset won't qualify for the QIE.

**Qualifying Loss Year**

Enter the beginning and ending dates of the qualifying loss year. This must be the second preceding income tax year from the income tax year in which the property is placed in service.

If you file your income tax returns on a calendar year basis, and you didn't have any short-period tax years during the previous two years, enter January 1, 2023, to December 31, 2023. If you didn't have negative Idaho taxable income for 2023, you can't make the election on property placed in service during 2025.

If you file your income tax returns on a fiscal year basis, or you had a short-period income tax year, you may have two different qualifying loss years. Identify the applicable qualifying loss year for each asset.

If you're an S corporation or partnership, your net business income apportioned to Idaho plus the nonbusiness income or loss allocated to Idaho for the second preceding income tax year must be negative.

**New or Used**

Indicate whether the asset is new or used.

**Used Property**

Qualifying used property is limited to a total cost of \$150,000 per income tax year, whether you claim the QIE, the ITC, or a combination of both for that year. In addition, you must have acquired the used property by purchase. If you have used property in excess of \$150,000, you must select the specific items on which to claim the QIE. If you select an item, the entire cost must be taken into account unless you've exceeded the \$150,000 limit. If the \$150,000 used property limit is exceeded, the remaining amount of an item selected and any items not selected don't qualify for the ITC. For example, used assets A, B, C, and D, each costing \$70,000, were placed in service. Two of the assets will qualify, and a third asset will partially qualify. You must select which two items qualify and which third item partially qualifies. If you claim the QIE

on assets A and B, you may claim a partial QIE on either asset C or D, or you may claim the ITC on asset C or D but only up to \$10,000, the remaining amount of the \$150,000 used-property limitation.

**Original Cost**

Enter the asset's original cost. This should be the same amount you would list as the purchase price on the Idaho Personal Property Declaration. Include trade-in allowances and all associated costs to acquire and prepare the item for its intended use.

**Contact us:**

In the Boise area: (208) 334-7660 | Toll free: (800) 972-7660  
Hearing impaired (TDD) (800) 377-3529

**[tax.idaho.gov/contact](https://tax.idaho.gov/contact)**