

## Assessment Year Guidance in 2024 for Idaho's QIE Form 49E

### -Intended for County Officials' Use

**Confidential: Information received for QIE considerations by county assessors/commissioners/other county officials and the Tax Commission isn't subject to public disclosure beyond necessary to determine whether to grant/deny QIE. Idaho Code section 63-3029B(4)(c).**

Here are suggested step-by-step guidelines particularly for assessors to process individual/business (taxpayer) applications in the 2024 assessment year for a Qualified Investment Exemption (QIE\*).

(\*Idaho taxpayers can elect to claim a QIE from property tax instead of an investment tax credit from income tax. However, claiming both at the same time is considered a violation of the Code if assessors do not follow these guidelines during the 2024 assessment year. The rules for QIE income tax forms change every year because they need to stay current. The guidelines for these forms will be updated for the 2025 assessment year, with the expected update by the end of 2024 or the beginning of 2025.)

Assessors are authorized as necessary to coordinate the QIE exemption process (Idaho Code section 63-3029B (4)(c)) and collaborate with their county commissioners to grant or deny the exemption (Idaho Code section 63-602 (3)).

**For questions specific to any taxpayer applying for QIE and the guidelines below, contact: Nann Long, Income Tax Audit, Idaho State Tax Commission, [nann.long@tax.idaho.gov](mailto:nann.long@tax.idaho.gov), (208) 334-7617.**

#### Step-by-step guidelines for the 2024 assessment year in order:

1. The assessor needs to receive the taxpayer's QIE request on a completed 2023 Form 49E: no exceptions. \* Form 49E must accompany the personal property declaration due to the county by March 15, 2024. Idaho Code sections 63-3029B(4)(b) and 63-302(1).

- Form 49E and Instructions (along with Form 49ER and Instructions for QIE recapture) are available on the Tax Commission's website at [tax.idaho.gov](https://tax.idaho.gov) or this link: <https://tax.idaho.gov/search-formspublications.cfm?ch=bus&t=tt&y=9999>

*(\*On the 2023 Form 49E, the election line reads "ELECTION – I elect to exempt the following property that was placed in service during calendar year 2023 from property tax for 2024 and 2025. ..." Notice the exemption years on the election line match the exemption years if a QIE is granted during the 2024 assessment year. If 2023 isn't listed in the upper right corner of Form 49E, the taxpayer used the wrong form, and the exemption years won't be correct. The taxpayer didn't comply with Idaho Code section 63-3029B(4)(b) and won't receive a QIE grant in 2024.*

*Using the wrong Form 49E could also cause recapture to be calculated incorrectly if the taxpayer owes recapture to the county. This risk of error will likely increase with time. The recapture period lasts five years from the date an asset was placed in service.*

*If a county grants a QIE on any form other than the designated 49E form, it allows the taxpayer to avoid filing the necessary 49E form, as required for both their personal property declaration and income tax return according*

to Idaho Code sections 63-3029B(4)(b). Submitting the completed 49E form acts as formal notification to Idaho's Income Tax Audit (ITA) section. In cases where the assessor fails to send a 49E form to the ITA (as an example of not following this guidance), the taxpayer could potentially receive both the property tax exemption and the income tax credit without detection. While receiving both is a violation of Idaho Code section 63-3029B(4)(a), in this scenario, the assessor allows the taxpayer the opportunity to avoid facing repercussions for such a violation.

Why would the taxpayer go through the additional time and effort to create and fill out a different form as a substitute (which might omit essential information needed by the ITA/county) instead of using the pre-developed original 49E, which is required to be filed with the assessor, along with a copy required for income tax purposes?

- The only reasonable explanation is that the taxpayer is hoping the assessor will support their actions based on what the taxpayer observes regarding the assessor's handling of the matter. Depending on the county's approach, understanding this information could enable the taxpayer to exclude the 49E when filing income taxes and potentially benefit from both the property tax exemption and the income tax credit (Idaho Code section 63-3029B(4)(a) & (b)).
- If a taxpayer commits a second violation after having justified or rationalized the first one, there's a good chance that they may avoid repaying recapture payments, especially if the recapture requirement is triggered within the five years following the date when the QIE assets were put into service. While avoiding recapture payments as required by Idaho Code section 63-3029B(4)(f) is a violation, in this situation, the assessor allows the taxpayer the potential to escape consequences for this second violation.

If the assessor accepts a form other than the correct 49E, and the county grants the QIE without following the specified steps with Idaho's ITA outlined in the guidance, it is likely that if a recapture is triggered, there won't be any 49ER (recapture form) filed for income tax. Consequently, there won't be any recapture dollars received, and as a result, nothing will be repaid to the county. Alternatively, if a 49ER and recapture dollars are submitted with an income tax return, but the county has not previously filed the 49E with Idaho's ITA, there is a possibility that the recapture dollars could be refunded to the taxpayer instead of being repaid to the county.

If Idaho's ITA doesn't receive the correct Form 49E from the assessor, the QIE could be granted without the accurate loss year, especially for short-year or fiscal filers, and/or without qualified assets (unless confirmed against Internal Revenue Code sections 46 and 48 as in effect prior to 1986, according to Idaho Code section 63-3029B(3)(a)). In either or both situations, the QIE could be granted for assets that never qualified for the QIE initially. This would constitute a different violation of the law compared to the scenarios mentioned in the previous paragraphs.

Moving forward, if the 49E is not on file with Idaho's ITA, they won't have the information to check for compliance with either the QIE, including any related recapture, or an income tax credit. As a result, noncompliant events related to the QIE won't be discovered through any ITA audits of the taxpayer, whether specific or random. This is because, in the absence of the correct 49E on file with Idaho's ITA from the assessor, ITA will not have the information to check for compliance with the QIE and related income tax credit during audits. Taxpayers could be aware of this information while collaborating with the assessor for the initial QIE grant. The assessor can play a role in preventing such enabling, contributing to the state's efforts to assist their county and citizens at large by adhering to this guidance.)

- We suggest you make a copy of taxpayer's Form 49E along with all related attachments received from the taxpayer. On the copy, you may want to indicate assets that should be denied the QIE with steps 1 through 4 or that you otherwise discover don't qualify.

## 2. On the 2023 Form 49E that the taxpayer sent to your county:

- Make sure the individual or business name was entered at the top of the form in the space indicated.
- Make sure the Social Security number or federal Employer Identification Number (EIN) was entered where requested. (It may help the taxpayer to let them know the Social Security number or EIN must match the number on file with the Tax Commission to verify the Idaho income tax loss.)
- If the taxpayer's business is included in a combined report for state corporation income tax filings, the business's name and its EIN that was used in filing the Idaho income tax return should have been entered on the second entry line of the Form 49E where requested.  
*(Discovery of missing data on the second entry line, if needed, will occur during step 6 at the Tax Commission, if not discovered sooner. The QIE grant will be denied if such a discovery occurs. Idaho Code section 63-3029B(4)(b).)*
- Make sure the last day of the taxpayer's income tax year that ended in calendar year 2023 was entered in the space requested in the middle of the form on page 1. *(This information will help expedite the Tax Commission's time to confirm whether there's a negative Idaho taxable income in the second preceding income tax year from the income tax year in which the taxpayer placed the property in service.)*
- If during calendar year 2023 or the previous two years the taxpayer had a short period tax year for income tax purposes, the taxpayer is required to have submitted with their 2023 Form 49E an attached statement that lists their tax year ending dates going back through such short period tax year.

*(For more information, see the 49E Instructions that accompany Form 49E. Here is the link: [Property Tax Exemption Election Form and Instructions 2023.](#))*

3. For listed property on the lower half of page 1 Form 49E and continuing to page 2 as applicable, or otherwise included in attachments, make sure the data requested was provided. That is:

- Make sure the asset's number was provided for each line.  
*(The asset number makes it easier for the county assessor to determine recapture\* if the property is disposed of before the end of the five-year recapture period (date placed in service plus five years) or otherwise no longer qualifies as Idaho investment tax credit property. Idaho Code section 63-3029B(4)(d)(ii); IDAPA 35.01.01, Idaho Income Tax Administrative Rule, 715.01. and IDAPA 35.01.03., Idaho Property Tax Administrative Rules, 988.07.b.*

*\* A taxpayer isn't required by law to file Form 49ER with the county. However, in the past some taxpayers, as a courtesy, have filed their Form 49ERs with the county to inform and give them early notice that they'll be making a recapture payment.*

*The Form 49ER is the Recapture of QIE from Property Tax form to be completed by taxpayers who are required to report QIE recapture. Completed 49ER Form(s) are to be filed with the taxpayer's Idaho income tax return(s) for the income tax year(s) when the recapture event(s) occurred.*

*After QIE is granted, if the county notices a missing asset(s) from the annual declarations to their county within the recapture period (date placed in service plus five years), the county assessor must notify the Tax Commission*

and the taxpayer. The notice must comply with the requirements in IDAPA 35.01.03., Idaho Property Tax Administrative Rules, 988.07.b.

To notify the Tax Commission about QIE matters, the county assessor should contact Nann Long, Idaho State Tax Commission, [nann.long@tax.idaho.gov](mailto:nann.long@tax.idaho.gov), (208) 334-7617. To track a recapture of QIE, the assessor can ask Ms. Long to notify the county when the State Tax Commission receives the taxpayer's income tax return with the completed Form 49ER. Once the State Tax Commission receives the recapture funds, usually with the taxpayer's income tax return, such funds are eventually sent to the county treasurer. Idaho Code section 63-3029B(4)(f), (g) & (h), IDAPA 35.01.03., Idaho Property Tax Administrative Rules, 988.07.b and 989.

For more information, see the Form 49ER Instructions along with Form 49ER. Here is the link:  
[Recapture of Qualified Investment Exemption from Property Tax and Instructions 2023.](#))

- Make sure the asset descriptions are detailed enough to identify what the property is and determine whether it qualifies. For the Tax Commission to confirm that assets qualify, they'll need detailed information about the property as well as confirming the qualifying loss year(s) occurred. \*

(\*Idaho generally follows the definition of qualified property found in the Internal Revenue Code sections 46 and 48 as in effect prior to 1986. The property must have a useful life of three years or more and be property that can be depreciated or amortized. Idaho Code section 63-3029B(3)(a).

For more information, see the instructions for Form 49E. The instructions follow the 49E Form and provide a brief description about qualifying property. Here is the link:

[Property Tax Exemption Election Form and Instructions 2023.](#))

- Make sure the county where each asset is located is provided.
- For each asset, make sure the taxpayer provided the full date, not just the calendar year, for when the asset was placed in service. The date placed in service shouldn't be confused with the acquisition date as the two dates often aren't the same. (The recapture period is measured five years from the date placed in service. IDAPA 35.01.03, Idaho Property Tax Administrative Rules, 988.01.a. and 988.07.b.)
  - **If the date placed in service doesn't fall within the 2023 calendar year, that asset doesn't qualify.** IDAPA 35.01.03, Idaho Property Tax Administrative Rules, 988.05 and 06.
- Make sure the beginning and ending dates of the qualifying loss year for each asset is provided. (This must be the second preceding income tax year from the income tax year in which the property's date placed in service falls. Idaho Code section 63-3029B(4)(a). The taxpayer's tax preparer and the Tax Commission's Income Tax Audit can verify if the dates are correct.)
- Make sure the line for each asset indicates whether the asset was acquired new or used. The total cost of all eligible used assets can't exceed \$150,000 for placed in service dates within each income taxable year within the 2023 property assessment year. IDAPA 35.01.01, Idaho Income Tax Administrative Rule, 719.02.c and 719.04, and IDAPA 35.01.03, Idaho Property Tax Administrative Rule, 988.11.b, together with the tax years according to the Form 49E that are within the 2023 calendar year, and the placed in-service dates for items acquired used are the data sources to determine whether the \$150,000 limitations were not violated.

- Make sure the original cost for each asset is provided. This should be the same amount listed for an asset's cost in the Idaho Personal Property Declaration including trade-in allowances and all associated costs with previously acquiring and preparing the item for its intended use.
4. Make sure the signature, date, and contact information at the bottom of Form 49E is provided.
  5. If all assets are denied with the previous steps, the county should notify the taxpayer with the reason(s) for the denial. Denial with either of steps 1, 2, or 4. would reasonably be a denial for all the assets on the 49E Form. The county may choose to accept a new Form 49E as a second attempt by the taxpayer and then go through steps 1-4 again. However, the county isn't required to accept a second Form 49E for the same assessment year if the first Form 49E filed was incorrect and/or incomplete. *Idaho Code sections 63-3029B(4)(b), 63-302(1), IDAPA 35.01.03., Idaho Property Tax Administrative Rules, 988.02.*
  6. If one or more assets appear to qualify after completing steps 1 through 4, the process of granting/denying QIE is on an asset-by-asset basis. *IDAPA 35.01.03, Idaho Property Tax Administrative Rules, Rule 988.07.c.* Attach the copy of the taxpayer's Form 49E, along with all related 49E attachments, and your denied asset indications to an email. Send the email to Nann Long at the Tax Commission at [nann.long@tax.idaho.gov](mailto:nann.long@tax.idaho.gov) with the following three questions for the asset indications that your county hasn't yet denied:
    - a. Does this taxpayer (enter business name from Form 49E) as listed on Form 49E attachment have the qualifying loss or losses needed for assets placed in service during 2023?
    - b. If you answer "yes" to any part of question (a), do all assets in the attached with such yes, excluding those indicated as denied, also qualify?
    - c. If you answer "no" to question (b), please note on the Form 49E attachment or by other means to be included with your reply, which assets, not including those previously marked denied, do, or don't qualify?
  7. After you or your county assessor receive a reply from Ms. Long for step 6, the county may grant and/or deny the QIE to the taxpayer. Keep in mind at this stage of the process, the granting/denial of QIE is on an asset-by-asset basis. In other words, if a few of the assets qualify and other assets don't qualify, only those assets that both qualify and have a qualifying loss should be granted QIE; the rest should be denied. For assets that are denied QIE, the county is required to notify the taxpayer with the reasons for the denial. (*IDAPA 35.01.03, Idaho Property Tax Administrative Rules, Rule 988.07.c.*)

**For more information, see the main Statutes and Rules that address or can overlap with QIE for local assessment as follows:**

Idaho Code sections: 63-3029B, 63-302, 63-602  
<https://legislature.idaho.gov/statutesrules/idstat/Title63/>

*IDAPA 35.01.01, Idaho Income Tax Administrative Rules, Rule 719*

<https://adminrules.idaho.gov/rules/current/35/350101.pdf>

*IDAPA 35.01.03, Idaho Property Tax Administrative Rules, Rules 988 and 989*

<https://adminrules.idaho.gov/rules/current/35/350103.pdf>