

## Assessment Year Guidance in 2025 for Idaho's QIE Form 49E Intended for County Officials' Use

**Confidential Information:** Information received for Qualified Investment Exemption (QIE) considerations by county assessors, commissioners, other county officials, and the Tax Commission is not subject to public disclosure, except as required to determine whether to grant or deny the QIE. Idaho Code section 63-3029B(4)(c).

### Contact for Questions:

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### Step-by-Step Guidelines for the 2025 Assessment Year in Order:

Here are suggested step-by-step guidelines for assessors to process individual and business (taxpayer) applications for a **Qualified Investment Exemption (QIE<sup>1</sup>)** in the 2025 assessment year.

<sup>1</sup>Idaho taxpayers may choose to claim a QIE as a property tax exemption instead of an investment tax credit on their income tax. However, claiming both simultaneously violates the Code if assessors fail to adhere to these guidelines during the 2025 assessment year. Since income tax filing forms including Form 49E for QIE need to be updated annually to remain current, these guidelines must be updated for the 2026 assessment year by late 2025 or early 2026.

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

### Step 1: QIE Request Submission: Completed 2024 Form 49E Required

The assessor must receive the taxpayer's QIE request using a completed 2024 Form 49E—no exceptions. Form 49E<sup>2</sup> must be submitted with the personal property declaration to the county by March 15, 2025, as required by Idaho Code section 63-3029B(4)(b) and 63-302(1).

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

<sup>2</sup>The election line on the 2024 Form 49E states: "ELECTION – I elect to exempt the following property that was placed in service during calendar year 2024 from property tax for 2025 and 2026." The exemption years must match those for a QIE granted in the 2025 assessment year. If "2024" is not in the upper right corner, the taxpayer used the wrong

*form, which leads to incorrect exemption years; the taxpayer did not comply with Idaho Code section 63-3029B(4)(b) and will not be granted a QIE in 2025.*

- *Using the incorrect Form 49E could lead to an incorrect recapture calculation if the taxpayer owes recapture to the county. The likelihood of errors increases over time, as the recapture period lasts five years from the date the asset was placed in service.*
- *If a county grants a QIE using a form other than the designated 49E, it allows the taxpayer to bypass filing the required 49E form for both their personal property declaration and income tax return, as specified by Idaho Code section 63-3029B(4)(b). Submitting the completed 49E form serves as formal notification to Idaho's Income Tax Audit (ITA) section. If the assessor forgets to send this form to the ITA, the taxpayer may end up receiving both the property tax exemption and the income tax credit without detection. While this is against the law, the taxpayer could avoid penalties because the assessor did not follow the proper process.*
- *Why would the taxpayer spend extra time and effort creating and completing a different form as a substitute, which could miss important information needed by the ITA or county, instead of using the pre-designed original 49E form, which is required to be filed with the assessor and submitted for income tax purposes?*
  - *The only reasonable explanation is that the taxpayer hopes the assessor will overlook their actions based on how the assessor handles the situation. Depending on the county's approach, knowing this information might allow the taxpayer to skip the 49E when filing income taxes, potentially benefiting 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 justifying or rationalizing the first, there is a strong possibility they could avoid repaying recapture payments, especially if the recapture requirement is triggered within the five years after the QIE assets were placed into service. While avoiding recapture payments, as required by Idaho Code section 63-3029B(4)(f), is a violation, in this case, the assessor may allow the taxpayer to avoid consequences for the second violation.*
- *If the assessor accepts an incorrect form, grants the QIE without following the ITA guidelines and certain QIE assets cease to qualify during the recapture period, then likely, no recapture form (49ER) will be filed, and no funds will be repaid to the county. Alternatively, if a 49ER and recapture funds are submitted but the county has not filed the 49E, the recapture funds may be refunded to the taxpayer instead of the county.*
- *If Idaho's ITA does not receive the correct Form 49E from the assessor, the QIE could be granted without the correct loss year, especially for short-year or fiscal filers, and/or without qualified assets (unless verified against Internal Revenue Code sections 46 and 48 as they were before 1986, according to Idaho Code section 63-3029B(3)(a)). In either case, the QIE could be granted for assets that never qualified for the exemption, representing a different violation of the law than the situations discussed earlier.*

- *If the 49E form is not filed with Idaho's ITA, they cannot verify QIE compliance or income tax credits during audits. This may lead to undetected noncompliance. Taxpayers may become aware of this information while working with the assessor on the initial QIE grant. The assessor plays a key role in preventing this situation, supporting the state's efforts to assist the county and the public by following these guidelines.*

(b) We recommend making a copy of the taxpayer's Form 49E along with all related attachments received. On the copy, it may be helpful to note any assets that should be denied the QIE based on steps 1 through 4, or any assets you find that do not qualify.

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## **Step 2: The 2024 Form 49E Submitted by the Taxpayer to Your County:**

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- (a) Verify that the individual or business name is entered at the top of the form in the designated space.
- (b) Check that the Social Security number or federal Employer Identification Number (EIN) is entered in the appropriate section. It may be helpful to inform the taxpayer that the number must match the one on file with the Tax Commission to verify the Idaho income tax loss.
- (c) If the taxpayer's business is part of a combined report for state corporation income tax filings, the business's name and EIN used for the Idaho income tax return should be entered on the second entry line of the Form 49E where indicated.
- *If this information is missing, it will be identified during step 6 at the Tax Commission, if not noticed earlier. If this happens, the QIE grant will be denied, as per Idaho Code section 63-3029B(4)(b).*
- (d) Verify that the last day of the taxpayer's income tax year, which ended in calendar year 2024, is entered in the designated space in the middle of page 1 of the form.
- *This information will help speed up the Tax Commission's process to confirm whether there is a negative Idaho taxable income in the second preceding income tax year from the year the taxpayer placed the property in service.*
- (e) If the taxpayer had a short tax year for income tax purposes during calendar year 2024 or the previous two years, they are required to submit an attached statement with their 2024 Form 49E. This statement should list the ending dates of their tax years, including any short period tax years.

For more information, refer to the 49E Instructions that accompany Form 49E. You can find the instructions at the following link:

[Property Tax Exemption Election Form and Instructions 2024](#)

### 3. Step 3: Listed Property on Form 49E

For the listed property section on the lower half of page 1 of Form 49E, continuing onto page 2 if applicable, or included in attachments, verify that all requested information is provided.

(a) Verify that the asset number is provided for each line.

- *The asset number helps the county assessor determine recapture<sup>3</sup> if the property is disposed of before the end of the five-year recapture period (from the date placed in service, plus five years) or if the property no longer qualifies as Idaho investment tax credit property. This is outlined in 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 Rule 988.07.b.*

<sup>3</sup>*While taxpayers are not legally required to file Form 49ER with the county, some taxpayers have done so in the past as a courtesy, providing early notice to the county that they will be making a recapture payment.*

- *The Form 49ER is used to report the recapture of QIE from property tax by taxpayers who are required to do so. Completed Form 49ER(s) must be filed with the taxpayer's Idaho income tax return(s) for the income tax year(s) in which the recapture event(s) occurred.*
- *Once QIE is granted, if the county notices any missing asset(s) from the annual declarations within the recapture period (from the date placed in service, plus five years), the county assessor must notify both the Tax Commission and the taxpayer. The notification must comply with the requirements outlined 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 at the Idaho State Tax Commission. To track a QIE recapture, the assessor can request that Nann Long notify the county when the State Tax Commission receives the taxpayer's income tax return along with the completed Form 49ER. Once the recapture funds are received by the State Tax Commission, typically with the taxpayer's income tax return, those funds are eventually sent to the county treasurer. This process is governed by Idaho Code section 63-3029B(4)(f), (g) & (h), and IDAPA 35.01.03, Idaho Property Tax Administrative Rules 988.07.b and 989.*

For more information, refer to the Form 49ER Instructions along with Form 49ER. You can find them at the following link:

[Recapture of Qualified Investment Exemption from Property Tax and Instructions 2024](#)

(b) Verify that the asset descriptions are detailed enough to clearly identify the property and determine its qualification. The Tax Commission will need this detailed information to confirm that the assets qualify, as well as to verify that the qualifying loss year(s) occurred.<sup>4</sup>

*Idaho generally follows the definition of qualified property as outlined in Internal Revenue Code sections 46 and 48, before the changes made in 1986. The property must have a useful life of three years or more and must be eligible for depreciation or amortization. This is specified in Idaho Code section 63-3029B(3)(a).*

For more information, refer to the instructions for Form 49E, which include a brief description of qualifying property. You can access the instructions using this link: [Property Tax Exemption Election Form and Instructions 2024](#)

- (c) Verify that the county where each asset is located is included.
- (d) For each asset, verify that the taxpayer provided the full date (not just the year) when the asset was placed in service. The "date placed in service" should not be confused with the acquisition date, as these two dates may not be the same.
- *The recapture period is measured between the date placed in service plus five years. IDAPA 35.01.03, Idaho Property Tax Administrative Rules, 988.01.a. and 988.07.b.*
  - *If the date placed in service is not within the 2024 calendar year, that asset does not qualify. IDAPA 35.01.03, Idaho Property Tax Administrative Rules, 988.05 and 06.*
- (e) Verify that the beginning and ending dates of the qualifying loss year for each asset are provided.
- *These dates must correspond to the second preceding income tax year from the 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 confirm if the dates are accurate.*
- (f) Verify that each asset line shows whether the asset is new or used. The total cost of used assets must not exceed \$150,000 for placed-in-service dates within the 2024 income tax years. Refer to IDAPA 35.01.01, Rule 719.04, and IDAPA 35.01.03, Rule 988.11.b. Use the tax years on Form 49E and the placed-in-service dates to ensure the \$150,000 limit is not exceeded.
- (g) Verify the original cost for each asset is provided. This should match the amount listed in the Idaho Personal Property Declaration, including trade-in allowances and all associated costs for acquiring and preparing the asset for its intended use.

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#### **Step 4: Verify the signature, date, and contact information on Form 49E**

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Verify that the signature, date, and contact information at the bottom of Form 49E are provided.

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**Step 5: Denial of All Assets on Form 49E**

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If all assets are denied based on the previous steps, the county must notify the taxpayer with the reasons for denial. Denial with either step 1, 2, or 4 is a denial of all assets on Form 49E. The county may accept a corrected form and review it again, but it is not required to accept a second form if the original was incomplete or incorrect. Idaho Code sections 63-3029B(4)(b), 63-302(1), and IDAPA 35.01.03, Idaho Property Tax Administrative Rule, 988.02.

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**Step 6: Asset-by-Asset QIE Granting/Denying**

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If assets qualify after steps 1-4, QIE decisions are made individually for each asset. Attach the taxpayer's Form 49E, related attachments, and denied asset details to an email. Send it to Nann Long at the Tax Commission with three questions about any assets not yet denied.

- (a) Does the taxpayer (enter business name from Form 49E) listed on the attachment have the qualifying loss or losses for assets placed in service during 2024?
- (b) If you answered "yes" to part (a), do all assets in the attachment with a "yes" (excluding those marked denied) also qualify?
- (c) If you answered "no" to part (b), please indicate on the Form 49E attachment or in your reply which assets, excluding those already marked as denied, qualify or do not qualify.

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**Step 7: Granting/Denying QIE After Receiving Response from Nann Long**

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After receiving a response from Nann Long in step 6, the county will approve or deny QIE on an asset-by-asset basis. Assets that qualify and have a qualifying loss will be granted QIE, while others will be denied. The county must notify the taxpayer of any denials, providing reasons, and send a copy to Nann Long at the Tax Commission. IDAPA 35.01.03, Idaho Property Tax Administrative Rules, Rule 988.07.c.

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**References**

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For more information, refer to the primary Statutes and Rules that pertain to or overlap with QIE for local assessment:

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>