

2007 PROPERTY TAX REDUCTION PROGRAM

(Circuit Breaker)

Apply between January 1 and April 16

What is the Property Tax Reduction Program?

The Property Tax Reduction (Circuit Breaker) program reduces property taxes* for qualified applicants. The amount of reduction is based on income for the previous calendar year.

If you qualify, the property taxes on your home and up to one acre of land may be reduced by as much as \$1,320.

**Property Tax Reduction benefits will not reduce solid waste, irrigation, or other fees charged by government entities.*

Who Qualifies?

You may qualify for property tax reduction in 2007 if you:

1. Owned and lived in a home or mobile home in Idaho that was your primary residence before April 15, 2007 (You may qualify if you lived in a care facility or nursing home. Contact your county assessor for information.), and
2. Had income of \$28,000 or less for 2006, and
3. Met one or more of the following status requirements as of **January 1, 2007**:
 - Age 65 or older
 - Widow(er)
 - Blind
 - Fatherless or motherless child under 18 years of age
 - Former prisoner of war/hostage
 - Veteran with a 10% or more service-connected disability or receiving a pension from Veteran's Affairs (VA) for a nonservice-connected disability
 - Disabled as recognized by the Social Security Administration, Railroad Retirement Board, or Federal Civil Service

How to Apply

1. **Contact your county assessor for application materials.** The office is listed under County Offices in your telephone directory.
2. **Complete an application.** The assessor's office can help you.

When you file your application, you must provide proof of:

- income
- medical expenses, and
- the requirement(s) you meet (age 65 or older, blind, VA disability, etc.)

3. **File the application with your assessor's office by April 16.** If you don't have all of your income information, fill out as much of the application as you can and file it by the April 16 deadline. You'll have a reasonable amount of time to complete the form.

You must apply for your 2007 property tax reduction between January 1 and April 16, 2007. You must apply and qualify each year to receive this benefit. Property tax reductions are *not* renewed automatically.

If your application is approved, your property tax reduction will appear on your December 2007 tax bill.

Documentation of Income

Provide the following documents to the assessor's office to show your 2006 income and expenses.

If You File a Tax Return:

- A copy of your federal income tax return
- Documents showing income not reported on your tax return including nontaxable income
- Federal Schedule A or a completed medical expense form and proof of payment for nonreimbursed medical expenses
- Proof of payment or prepayment of funeral expenses

If You Don't File a Tax Return:

- Social Security/Railroad Retirement or other 1099 forms
- W-2s
- Any other documents showing taxable or nontaxable income from all sources
- A completed medical expense form and proof of payment for nonreimbursed medical expenses
- Proof of payment or prepayment of funeral expenses

Attach copies of the applicable documents to your application.

Income Guidelines

When you complete your application, you must include income reported to you and your spouse in 2006.

You must include:

- Wages
- Interest (taxable and nontaxable)
- Dividends
- Capital gains
- Business, farm, and rental net income
- Social Security/Supplemental Security Income (SSI)
- Railroad Retirement

- Unemployment/workers compensation
- Pensions, annuities, and IRAs*
- Military retirement benefits
- VA pensions and compensation**
- Department of Health and Welfare payments (including Aid for Dependent Children and housing assistance)
- Child support and alimony
- “Loss of earnings” insurance compensation
- Disability income from any source**
- Gambling winnings

**Excluding the return of principal paid by the recipient of an annuity and excluding rollovers as provided in section 402 and 403 of the Internal Revenue Code.*

*** Excluding compensation received from the VA by a veteran who has a 40-100% service-connected disability or dependency and indemnity compensation or death benefits paid by Veterans Affairs arising from a service-connected death or disability.*

When you complete your application, you may deduct the following expenses you or your spouse paid in 2006.

You may deduct:

- Medical/dental and related expenses not reimbursed by insurance or other reimbursement*
- Medical insurance premiums*
- Payment or prepayment of funeral expenses
- Farm, rental and/or business losses (You must submit a copy of the appropriate federal schedule.)
- Early withdrawal penalties
- Alimony paid

**Qualified medical expenses are defined in section 213(d) of the Internal Revenue Code.*

Property Tax Deferral Program

Anyone who is granted property tax relief under the Property Tax Reduction (Circuit Breaker) program may apply for tax deferral for the same year. The Property Tax Deferral Program offers individuals a way to defer the remaining property taxes on their home and up to one acre. Although there is no repayment of property tax reduction benefits, the deferred taxes and interest must eventually be repaid to the state of Idaho. A separate application is required for tax deferral. Contact your county assessor for information and an application.

For more information, contact:

- Your county assessor
- Idaho State Tax Commission: In the Boise area, 334-7736
- Toll free, (800) 334-7756, ext. 7736
- Hearing impaired: TDD (800) 377-3529
- **tax.idaho.gov**

This information was prepared by the Idaho State Tax Commission. It does not provide comprehensive explanations of Idaho tax laws or rules. Specific questions should be addressed to the Tax Commission.

Idaho laws passed after January 1, 2007, are not reflected in this publication.