

Name(s) as shown on return \_\_\_\_\_ Social Security number \_\_\_\_\_

**A. Additions. See instructions, page 20.**

1. Federal net operating loss carryover included in Form 40, line 7	1	00
2. Capital loss carryover incurred outside the state before becoming an Idaho resident	2	00
3. Non-Idaho state and local bond interest and dividends	3	00
4. Idaho college savings account withdrawal	4	00
5. Bonus depreciation. Include computations	5	00
6. Other additions. Include explanation	6	00
7. Total additions. Add lines 1 through 6. Enter here and on Form 40, line 8	7	00

**B. Subtractions. See instructions, page 20.**

1. Idaho net operating loss carryover		
Idaho net operating loss carryback	Enter total here	
2. State income tax refund, if included in federal income	1	00
3. Interest from U.S. Government obligations	2	00
4. Energy efficiency upgrades	3	00
5. Alternative energy devices deduction	4	00

Year	Acquired	Type of Device	Total Cost	Percent		
a. 2017			\$	X 40% =	5a	00
b. 2016			\$	X 20% =	5b	00
c. 2015			\$	X 20% =	5c	00
d. 2014			\$	X 20% =	5d	00

e. Add lines 5a through 5d. Can't exceed \$5,000	5e	00
6. Child/dependent care. Include federal Form 2441	6	00
7. Social Security and railroad benefits, if included in federal income	7	00
8. Retirement benefits deduction. Complete Part C	8	00
9. Technological equipment donation	9	00
10. Idaho capital gains deduction. Include Form CG	10	00
11. Active duty military pay earned outside of Idaho	11	00
12. Adoption expenses	12	00
13. Idaho medical savings account. Contributions _____ Interest _____ Financial institution _____ Account number _____	13	00
14. Idaho college savings program	14	00
15. Maintaining a home for the aged or developmentally disabled	15	00
16. Idaho lottery winnings, less than \$600 per prize	16	00
17. Income earned on a reservation by an American Indian	17	00
18. Health insurance premiums	18	00
19. Long-term care insurance	19	00
20. Workers' compensation insurance	20	00
21. Bonus depreciation. Include computations	21	00
22. Other subtractions. Include explanation	22	00
23. Total subtractions. Add lines 1 through 4 and 5e through 22. Enter here and on Form 40, line 10	23	00

**C. Retirement benefits deduction. See instructions, page 21, for qualified retirement benefits.**

1. If single, enter \$32,244, or if married filing jointly, enter \$48,366	1	00
2. Federal Railroad Retirement benefits received	2	00
3. Social Security benefits received	3	00
4. Line 1 minus lines 2 and 3. If less than zero, enter zero	4	00
5. Qualified retirement benefits included in federal income	5	00
6. Enter the smaller of line 4 or 5 here and on Part B, line 8	6	00



# FORM 39R

Complete Form 39R if you're filing a Form 40. If you're filing a Form 43, complete Form 39NR.

## PART A. ADDITIONS

### LINE 1 FEDERAL NET OPERATING LOSS (NOL) CARRYOVER

Generally the allowable federal NOL carryover isn't the same amount allowed on the Idaho return. So, you must enter on line 1 any NOL carryover included on your federal return. You will claim the allowable Idaho NOL carryover as a subtraction on Part B, line 1.

### LINE 2 CAPITAL LOSS CARRYOVER

If you claimed a capital loss or carryover from activities not taxable by Idaho or before you became an Idaho resident, enter on line 2 the amount used in calculating your net capital gain/loss reported on your federal Schedule D.

Example: For the current tax year you reported capital loss carryovers totaling \$40,000 that were incurred before moving to Idaho. These are used to offset \$26,000 of Idaho capital gains earned in the current year, resulting in a capital loss of \$3,000 allowed on the federal return. For the current tax year, you must add back \$29,000 on line 2 (\$26,000 gain offset + \$3,000 loss allowed). The remainder of the \$11,000 loss carryover must be added back in future years to the extent allowed as a loss and used to offset gain.

### LINE 3 NON-IDAHO STATE AND LOCAL BOND INTEREST AND DIVIDENDS

Enter the amount of interest and dividends, less the related expenses, you received from municipal bonds of other state governments, including their counties or cities, or from obligations of any foreign country. This income isn't reported on your federal return.

This includes your distributive share of interest and dividends not taxable under the IRC from Form ID K-1, Page 2, Column B, line 20. But don't include the interest income from Idaho municipal securities reported on Form ID K-1, Page 2, Column B, line 23.

### LINE 4 IDAHO COLLEGE SAVINGS ACCOUNT WITHDRAWAL

If you make a nonqualified withdrawal from an Idaho college savings account, enter the amount withdrawn less any amounts reported on your federal Form 1040.

Include on line 4 withdrawals from Idaho College Savings Programs that are transferred to a qualified program operated by another state. The amount added back is limited to your contributions deducted in the year of transfer and the previous tax year.

### LINE 5 BONUS DEPRECIATION

If you claimed bonus depreciation for federal purposes for property acquired before 2008 or after 2009:

- Complete a separate federal Form 4562 or detailed computation for Idaho depreciation purposes as if the special depreciation allowance hadn't been claimed
- Compute the Idaho adjusted basis and any gains or losses from the sale or exchange of the property using the Idaho depreciation amounts
- If the federal depreciation (including gains and losses) is more than the Idaho depreciation (including Idaho gains and losses), include the difference on this line; otherwise, enter the difference on Part B, line 21

Include on this line your distributive share of bonus depreciation from Form ID K-1, Page 2, Column B, line 21

Don't enter any amounts for property acquired during 2008 and 2009.

## LINE 6 OTHER ADDITIONS

### Retirement Plan Lump-Sum Distributions

Enter the taxable amount of a lump-sum distribution from a retirement plan reported on federal Form 4972. The amount taxable by Idaho includes the ordinary income portion and the amount eligible for the federal capital gain election.

### Partner And Shareholder Additions

Include on this line the state, municipal, and local income tax additions from Form ID K-1, Page 2, Column B, line 19 and the other additions from Form ID K-1, Page 2, Column B, line 22.

### Idaho Medical Savings Account Withdrawals

If you withdraw funds from an Idaho medical savings account and don't use the funds to pay eligible medical expenses, the withdrawal is taxable by Idaho. Report this amount as an other addition. Eligible medical expenses include medical care, vision care, dental care, medical insurance premiums, and long-term care expenses.

If you make a withdrawal that's subject to tax and you're under age 59 1/2, the withdrawal is subject to penalty. The penalty is 10% of the amount withdrawn. Report the penalty on Form 40, line 51, and check the box for an unqualified withdrawal.

### Non-Idaho Passive Losses

If you claimed a passive loss that was incurred from activities not taxable by Idaho or before you became an Idaho resident, enter the amount reported on your federal return.

## PART B. SUBTRACTIONS

### LINE 1 IDAHO NET OPERATING LOSS (NOL) CARRYOVER AND CARRYBACK

Enter the Idaho NOL carryover. Include Form 56 or a schedule showing the application of the loss.

If this is an amended return to claim an NOL carryback, enter the amount of the NOL carryback. Include Form 56 or a schedule showing the application of the loss.

Enter the total of the NOL carryover and carryback amounts.

### LINE 2 STATE INCOME TAX REFUND

Enter the amount of all state income tax refunds included in income on federal Form 1040, line 10. If you're filing federal Form 1040A or 1040EZ, enter zero.

### LINE 3 INTEREST FROM U.S. GOVERNMENT OBLIGATIONS

Interest income you received from obligations of the U.S. Government isn't taxable by Idaho. Deduct any U.S. Government interest included in federal adjusted gross income, Form 40, line 7. Examples of obligations of the U.S. Government include:

- Banks for Cooperatives
- Federal Farm Credit Banks
- Federal Financing Bank
- Federal Homeowners Loan Bank
- Federal Intermediate Credit Bank
- Federal Land Bank
- Guam
- Puerto Rico
- Student Loan Marketing Association
- Tennessee Valley Authority Bonds
- Territory of Alaska
- Territory of Hawaii
- Territory of Samoa
- U.S. Series EE and HH Bonds
- U.S. Treasury Bills and Notes
- Virgin Islands

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Interest income received from the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) isn't paid by the U.S. Government and is taxable by Idaho.

If you have interest income from a mutual fund that invests in both nonexempt securities and exempt U.S. government securities, you can deduct the portion of the interest that's attributable to direct U.S. government obligations. This amount must be identified by the mutual fund to be deductible.

This includes your distributive share from Form ID K-1, Page 2, line 24.

## LINE 4 ENERGY EFFICIENCY UPGRADE

To qualify for this deduction, your Idaho residence must have existed, been under construction, or had a building permit issued on or before January 1, 2002, and must be the taxpayer's primary residence. Energy efficiency upgrade means an energy efficiency improvement to your residence's envelope or duct system that meets or exceeds the minimum value for the improved component established by the version of the International Energy Conservation Code (IECC) in effect in Idaho during the tax year in which the improvement is made.

Energy efficiency upgrades include:

- Insulation that is added to, not replacing, existing insulation. Insulated siding doesn't qualify unless the cost of the siding and the insulating material is separately stated, in which case the cost of the insulating material alone qualifies
- Windows that replace less efficient existing windows
- Storm windows
- Weather stripping and caulking
- Duct sealing and insulation. Duct sealing requires mechanical fastening of joints and mastic sealant

The amount charged for labor to install the energy efficiency upgrades is also deductible.

Storm doors no longer qualify for this deduction.

## LINE 5 ALTERNATIVE ENERGY DEVICE DEDUCTION

If you install an alternative energy device in your Idaho residence, you can deduct a portion of the amount actually paid or accrued (billed but not paid).

In the year the device is placed in service, you can deduct 40% of the cost to construct, reconstruct, remodel, install, or acquire the device, but not more than \$5,000.

In the next three years after installation, you can deduct 20% of these costs per year, but not more than \$5,000 in any year.

Qualifying devices include:

- A system using solar radiation, wind, or geothermal resource primarily to provide heating or cooling, or produce electrical power, or any combination thereof
- A fluid-to-air heat pump operating on a fluid reservoir heated by solar radiation or geothermal resource, but not an air-to-air heat pump unless it uses geothermal resources as part of the system
- A natural gas or propane heating unit that replaces a noncertified wood stove
- An Environmental Protection Agency (EPA) certified wood stove or pellet stove meeting the most current industry and state standards that replaces a noncertified wood stove

A noncertified wood stove is a wood stove that doesn't meet the most current EPA standards. You must take the noncertified wood stove to a site authorized by the Division of Environmental Quality (DEQ) within 30 days from the date of purchase of the qualifying device.

You must install the natural gas or propane heating unit, the EPA-certified wood stove, or pellet stove the same tax year that you surrender the nonqualifying wood stove to the DEQ.

## LINES 5a - 5d

Complete the line(s) that apply to the year you acquired the device(s). For example, if your device was acquired in 2014, complete line 5d. Enter the device type and total cost. Multiply the total cost by the appropriate percentage. Line 5e can't be more than \$5,000.

## LINE 6 CHILD AND DEPENDENT CARE

If you claimed the federal Credit for Child and Dependent Care Expenses, you're allowed an Idaho deduction for the child care expenses you paid for the care of your dependents. The Idaho deduction is a different amount than the federal credit.

Complete this worksheet to determine your Idaho child or dependent care deduction. Refer to federal Form 2441 to determine amounts to enter on lines 1 through 6.

1. Enter the amount of qualified expenses you incurred and paid in 2017. Don't include amounts paid by your employer or excluded from taxable income .....
2. Enter \$3,000 for one child or dependent, or \$6,000 for more than one child or dependent, cared for during the year .....
3. Enter excluded benefits from Part III of Form 2441 .....
4. Subtract line 3 from line 2. If zero or less, stop. You can't claim the deduction .....
5. Enter your earned income .....
6. If married filing a joint return, enter your spouse's earned income. All others enter the amount from line 5 .....
7. Enter the smallest of line 1, 4, 5, or 6 here and on Form 39R, Part B, line 6 .....

Include federal Form 2441, Child and Dependent Care Expenses, with your return.

## LINE 7 SOCIAL SECURITY AND RAILROAD BENEFITS

Idaho doesn't tax Social Security benefits, benefits paid by the Railroad Retirement Board, or Canadian Social Security benefits (OAS, QPP, or CPP) that are taxable on your federal return.

Exempt payments from the Railroad Retirement Board include:

- Retirement, supplemental, and disability annuities
- Unemployment and sickness benefits

Enter the taxable amount of Social Security benefits from Form SSA-1099 or Social Security Equivalent railroad benefits from Form RRB-1099 included on your federal Form 1040, line 20b or Form 1040A, line 14b. Don't enter the amount reported on Form 1040, line 20a or Form 1040A, line 14a.

Enter the taxable amount of Non-Social Security Equivalent railroad benefits from Form RRB-1099-R included on your federal Form 1040, line 16b or Form 1040A, line 12b. Don't enter the amount reported on Form 1040, line 16a or Form 1040A, line 12a.

If subtracting benefits from the Railroad Retirement Board, you must include Form RRB-1099 or RRB-1099-R with your return.

Disability pension paid by the Federal Railroad Retirement Act may be included on Form 1040, line 7 as wages, if you're under the minimum retirement age.

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## LINE 8 RETIREMENT BENEFITS DEDUCTION FOR QUALIFIED RETIREMENT BENEFITS

You may be able to deduct some of the qualifying retirement benefits and annuities you receive.

The Idaho Retirement Benefit Deduction has a two-part qualification.

### Part One - Age, Disability, and Marital/Filing Status

The recipient(s) must be at least age 65 or be classified as disabled and be at least age 62.

The following individuals are classified as disabled:

- An individual recognized as disabled by the Social Security Administration, the Railroad Retirement Board or the Office of Management and Budget
- A veteran of a U.S. war with a service-connected disability rating of 10% or more
- A veteran of a U.S. war with a nonservice-connected disability pension
- A person who has a physician-certified permanent disability with no expectation of improvement

If you're married, you can't claim this deduction if you file separately. If you're an unremarried widow or widower of a pensioner and receive qualifying survivor benefits, you may be eligible to claim the retirement benefit deduction if you meet the age/disability requirements.

### Part Two - Qualified Retirement Benefits

The recipient(s) must meet the requirements in Part One AND your qualified retirement benefits must be one of the following:

- **Civil Service Employees:** Retirement annuities paid by the United States of America Civil Service Retirement System (CSRS), the Foreign Service Retirement and Disability System (FSRDS), or the offset programs of these two systems. To qualify for the deduction, the employee must have established eligibility before 1984. Retirement annuities paid to a retired federal employee under the Federal Employees Retirement System (FERS) don't qualify for the deduction. If you received a CSA-1099, you can tell if your benefits are paid under the CSRS or FERS by looking at the first digit of the account number shown on your CSA-1099. If the first digit of the account number is 7 or 8, the benefits are paid out of FERS and don't qualify. If the first digit is 0, 1, 2, 3, or 4, the benefits are paid out of CSRS.
- **Idaho Firefighters:** Retirement benefits paid by the Public Employee Retirement System of Idaho (PERSI) relating to the Firemen's Retirement Fund. If you received a 1099R and your account number includes the FRF (Firemen's Retirement Fund) designation, your benefits may qualify for the deduction. Benefits paid out of the PERSI Base Plan don't qualify for the deduction.
- **Police Officers of an Idaho city:** Retirement benefits paid from the Policemen's Retirement Fund that no longer admits new members and, on January 1, 2012, was administered by an Idaho city or PERSI. Also, benefits paid by PERSI relating to Idaho police officer employment not included in the federal Social Security retirement system. For example, benefits paid out of the city police retirement funds for the cities of Coeur d'Alene, Lewiston, and Pocatello may qualify for the deduction. Similarly, benefits paid by PERSI relating to the old Idaho Falls Policemen's Retirement Fund may qualify for the deduction. If you received a 1099R and your account number includes the IFP (Idaho Falls Police) designation, your benefits may qualify for the deduction. Benefits paid out of the PERSI Base Plan don't qualify for the deduction.
- **Service Members:** Retirement benefits paid by the United States to a retired member of the U.S. military.

Disability pension paid by the Federal Railroad Retirement Act may not be included on your Form RRB-1099 or RRB-1099-R, if you're under the minimum retirement age. Instead it may be included on Form 1040, line 7 as wages.

Complete Part C and include with your return Form(s) 1099 for all qualified retirement benefits claimed.

## LINE 9 TECHNOLOGICAL EQUIPMENT DONATION

Enter the lesser of cost or fair market value of technological equipment donated to a public or nonprofit private elementary or secondary school, public or nonprofit private college or university, public library, or library district located in Idaho. Items that qualify for this deduction are limited to computers, computer software, and scientific equipment or apparatus manufactured within five years of the date of donation. The amount deducted can't reduce Idaho taxable income to less than zero. Any unused deduction can't be carried to another year.

Include on this line your distributive share from Form ID K-1, Page 2, Column B, line 25. The amount entered can't exceed the amount of the pass-through income less deductions of the entity making the contribution.

## LINE 10 IDAHO CAPITAL GAINS DEDUCTION

If you had capital gain net income from the sale of qualified Idaho property described below, you may be able to deduct 60% of the capital gain net income reported on federal Schedule D.

- (a) Real property held for at least 12 months, or
- (b) Tangible personal property used in a revenue-producing enterprise and held for at least 12 months. A revenue-producing enterprise means:
  - 1) Producing, assembling, fabricating, manufacturing or processing any agricultural, mineral or manufactured product
  - 2) Storing, warehousing, distributing or selling at wholesale any products of agriculture, mining or manufacturing
  - 3) Feeding livestock at a feedlot
  - 4) Operating laboratories or other facilities for scientific, agricultural, animal husbandry or industrial research, development or testing
- (c) Cattle and horses held for at least 24 months, and other livestock used for breeding held for at least 12 months
- (d) Timber held for at least 24 months

**NOTE:** Gains from the sale of stocks and other intangibles don't qualify.

Complete Idaho Form CG to compute your capital gains deduction.

## LINE 11 MILITARY PAY EARNED OUTSIDE OF IDAHO

If you're serving in the United States Army, Navy, Marine Corps, Air Force, or Coast Guard on active military duty that is continuous and uninterrupted for 120 days, your active duty military wages for service outside of Idaho aren't taxable by Idaho. The continuous 120 days don't have to be in the same tax year. Enter your nontaxable military wages.

Don't include military wages earned while stationed in Idaho. Your wage and tax statement (W-2) doesn't show this amount separately and you may have to compute the amount of income earned outside of Idaho. You should see your unit of assignment or use your orders in making the computation. Include a copy of your worksheet.

National Guard or Reserve pay, including annual training pay, generally doesn't qualify as active duty pay unless you've been called into full-time duty for 120 days or more. If you're a commissioned officer of the Public Health Service or of the National Oceanic and Atmospheric Administration militarized by the President of the United States and attached to the armed forces, your active duty military wages earned outside Idaho qualify for this deduction. Enter these wages on line 11.

## LINE 12 ADOPTION EXPENSES

If you adopt a child, you can deduct some of the expenses incurred in the adoption. You can claim legal and medical

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expenses incurred up to a maximum of \$3,000 per adoption. Travel expenses don't qualify. If you incur expenses in two or more years, deduct the costs in the year paid until you meet the \$3,000 limit. The expenses related to an unsuccessful attempt to adopt aren't deductible. If you claim expenses in a year before such a determination, file an amended return to add back any deduction claimed for the unsuccessful attempt.

### LINE 13 IDAHO MEDICAL SAVINGS ACCOUNT CONTRIBUTIONS AND INTEREST

You can contribute up to \$10,000 (\$20,000 if married filing a joint return) to an Idaho medical savings account and deduct the contribution. Deductible contributions don't include reimbursements that were redeposited into your Idaho medical savings account. Don't include amounts deducted on federal Form 1040.

An Idaho medical savings account is generally established with a bank, savings and loan, or credit union. The account is established to pay eligible medical expenses of the account holder and the account holder's dependents.

Include interest earned on the account on line 13, but only if included on Form 40, line 7. Add your qualifying contributions to the interest earned on the account. Enter the name of the financial institution and your account number in the spaces provided.

### LINE 14 IDAHO COLLEGE SAVINGS PROGRAM

You can contribute up to \$6,000 (\$12,000 if married filing a joint return) per year to a qualified Idaho college savings program and deduct the contribution. The account must be established with Ascensus College Savings, Inc. Designate the account owner and beneficiary at the time you establish the account. The account owner has the right to make withdrawals for payment of higher education expenses for the beneficiary. The person that withdraws the funds must report the withdrawal amounts as income in accordance with IRC Section 529.

Additional information can be obtained at [idsaves.org](http://idsaves.org) or by calling (866) 433-2533.

### LINE 15 MAINTAINING A HOME FOR AGED AND/OR DEVELOPMENTALLY DISABLED

You can deduct \$1,000 for each family member, not including yourself or your spouse, who is age 65 or older and for whom you maintain a household and provide more than one-half of the family member's support for the year.

You can deduct \$1,000 for each family member, including yourself and your spouse, who is developmentally disabled and for whom you maintain a household and provide more than one-half of the family member's support for the year.

No more than three deductions of \$1,000 are allowed. If you claim this deduction, you can't claim the \$100 credit in Part F.

Developmental disability means a chronic disability that:

1. Is attributable to an impairment such as:
  - Intellectual disability
  - Cerebral palsy
  - Epilepsy
  - Autism
  - Other condition found to be closely related to, or similar to, one of these impairments; and
2. Results in substantial functional limitation in three or more of the following areas of life activity:
  - Self-care
  - Receptive and expressive language
  - Learning
  - Mobility
  - Self-direction
  - Capacity for independent living
  - Economic self-sufficiency; and

3. Reflects the need for a combination and sequence of special, interdisciplinary or generic care, treatment, or other services which are of lifelong or extended duration and individually planned and coordinated.

If you maintain the home for the family member for less than a full year, the deduction is allowed at the rate of \$83.33 for each month the home was maintained.

A family member is any person who meets the relationship test to be claimed as a dependent on income tax returns. Refer to the federal Form 1040 instructions for more information.

Maintaining a household means paying more than one-half of the expenses incurred for the benefit of all the household's occupants. Social Security benefits aren't support provided by you but must be included in the computation of total support provided. Some examples of expenses of maintaining a household include: property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food consumed on the premises.

### LINE 16 IDAHO LOTTERY WINNINGS

You can deduct Idaho lottery prizes of less than \$600 per prize included in federal adjusted gross income on Form 40, line 7. You can't deduct lottery prizes from other states.

### LINE 17 INCOME EARNED ON A RESERVATION BY AN AMERICAN INDIAN

You can deduct all your income from working on the reservation only when all these criteria are met:

- You are enrolled in a federally recognized tribe
  - You live and work on the reservation
  - The income is included on Form 40, line 7 of your tax return
- If you have no other income, you aren't required to file.

Income earned off the reservation can't be deducted. Income earned on the reservation can't be deducted if you live off the reservation.

### LINE 18 HEALTH INSURANCE PREMIUMS

Deduct premiums you paid for health insurance for yourself, your spouse, and your dependents if those premiums haven't already been deducted or excluded from your income.

If you claimed a deduction for health insurance premiums on your federal Form 1040, Schedule A, use the worksheet to calculate the deduction allowed for health insurance premiums. The worksheet follows the priority that itemized deductions first apply to health insurance premiums, then to long-term care insurance.

### Idaho Medical Savings Account

If you take money out of your Idaho medical savings account to pay medical insurance premiums, no deduction is allowed. Since the health insurance costs are already deducted or accounted for, they can't be deducted a second time.

### Salary Reduction Plans

Premiums paid through a cafeteria plan or other salary-reduction arrangement can't be included in the Idaho deduction for health insurance costs. For example, if your health insurance payments are deducted from your paycheck pretax, they don't qualify for the deduction.

### Business Deductions

Premiums deducted as a business expense can't be included in the Idaho deduction for health insurance costs since these amounts are already deducted. This includes amounts of self-employed health insurance premiums deducted in arriving at federal adjusted gross income.

### Social Security Medicare A And B

No deduction is allowed for the amount paid for employer-required Social Security Medicare A. This is the amount listed as a deduction on almost every federal Form W-2.

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If you voluntarily enroll in Medicare B or Medicare D, or aren't covered under Social Security and voluntarily enroll in Medicare A, the premiums you paid can be deducted.

## Idaho Standard Deduction

If you don't itemize deductions for Idaho income tax purposes, but instead use the Idaho standard deduction, you don't have to reduce your health insurance costs by any amount claimed as a federal itemized deduction.

## Federal Itemized Deduction Limitations

The amount of medical expenses allowed as a deduction on the federal Form 1040, Schedule A, is required to be reduced by 10% of adjusted gross income.

The following worksheet shows how the federal limitation affects the amount of health insurance costs deductible for Idaho purposes.

If you aren't itemizing deductions for Idaho, skip lines 1-6 and enter zeros on lines 8, 12, and 13.

## HEALTH INSURANCE AND LONG-TERM CARE INSURANCE DEDUCTION LIMITATIONS

- |   |       |
|---|-------|
| 1. Amount claimed for health insurance costs on federal Form 1040, Schedule A .....   | _____ |
| 2. Amount claimed for long-term care insurance on federal Form 1040, Schedule A .....   | _____ |
| 3. Additional medical expenses claimed on federal Form 1040, Schedule A .....   | _____ |
| 4. Total medical expenses. Add lines 1, 2 and 3 ..  | _____ |
| 5. Enter 10% of federal adjusted gross income ....  | _____ |
| 6. Medical expense deduction allowed on the federal Form 1040, Schedule A. (Line 4 less line 5. If less than zero, enter zero.) ..... | _____ |

## HEALTH INSURANCE

- |   |       |
|---|-------|
| 7. Enter the total paid for health insurance .....  | _____ |
| 8. Portion of health insurance deduction allowed on federal Form 1040, Schedule A. Enter the lesser of line 1 or line 6 ..... | _____ |
| 9. Enter the total health insurance costs deducted elsewhere on the federal return .....                                      | _____ |
| 10. Idaho health insurance deduction allowed. Line 7 less lines 8 and 9. Enter this amount on Form 39R, line 18 .....         | ===== |

## LONG-TERM CARE INSURANCE

- |   |       |
|---|-------|
| 11. Enter the total paid for long-term care insurance .....   | _____ |
| 12. Medical expense deduction not allocated to health insurance costs. Line 6 less line 1. If less than zero, enter zero .....          | _____ |
| 13. Portion of long-term care insurance deduction allowed on federal Form 1040, Schedule A. Enter the lesser of line 2 or line 12 ..... | _____ |
| 14. Enter the total long-term care insurance costs deducted elsewhere on the federal return .....                                       | _____ |
| 15. Long term care insurance deduction allowed. Line 11 less lines 13 and 14. Enter this amount on Form 39R, line 19 .....              | ===== |

## LINE 19 LONG-TERM CARE INSURANCE

You can deduct the amount you paid in premiums for qualified long-term care insurance that isn't otherwise deducted or accounted for. If you claimed a deduction for long-term care insurance on your federal Form 1040, Schedule A, calculate the long-term care insurance allowed as a deduction by using the worksheet in the instructions for line 18.

Qualified long-term care insurance includes any insurance policy that provides coverage for at least twelve consecutive months for yourself, your spouse, or your dependents for one or more necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital. Group and individual annuities and life insurance policies that provide directly or that

supplement long-term care insurance qualify. This includes a policy that provides for payment of benefits based upon cognitive impairment or loss of functional capacity.

Qualified long-term care insurance doesn't include any insurance policy that is offered primarily to provide coverage for:

- Basic Medicare supplement
- Basic hospital expense
- Basic medical surgical expense
- Hospital confinement indemnity
- Major medical expense
- Disability income or related asset protection
- Accident only
- Specified disease or specified accident or
- Limited benefit health

Life insurance policies that accelerate death benefits generally don't qualify.

## LINE 20 WORKERS' COMPENSATION INSURANCE

A self-employed individual can deduct the actual cost of amounts paid for workers' compensation insurance coverage in Idaho, if the cost isn't deducted elsewhere.

## LINE 21 BONUS DEPRECIATION

If you claimed the bonus depreciation for federal purposes for property acquired before 2008 or after 2009:

- Complete a separate federal Form 4562 or detailed computation for Idaho depreciation purposes as if the special depreciation allowance hadn't been claimed
- Compute the Idaho adjusted basis and any gains or losses from the sale or exchange of the property using the Idaho depreciation amounts
- If the federal depreciation (including gains and losses) is less than the Idaho depreciation (including Idaho gains and losses), include the difference on this line; otherwise, enter the difference on Part A, line 5

Include on this line your distributive share of bonus depreciation from Form ID K-1, Page 2, Column B, line 26

Don't enter any amounts for property acquired during 2008 and 2009.

## LINE 22 OTHER SUBTRACTIONS

Identify any other subtraction to which you are entitled and claim the amount on this line. Don't include income earned in another state as a subtraction.

Don't include foreign taxes as a subtraction, since they're claimed as part of the Idaho itemized deduction, if allowable. See the instructions for **Itemized or Standard Deductions**. Include on this line your distributive share of other subtractions from Form ID K-1, Page 2, Column B, line 27.

On this line, include interest from Idaho Build America Bonds that was included in federal adjusted gross income, Form 40, line 7. Don't include on this line any interest from non-Idaho Build America Bonds.

## PART C. RETIREMENT BENEFITS DEDUCTION

Complete lines 1 through 6 and enter the amount from line 6 on Part B, line 8. See page 22 for qualified retirement benefits.

**LINE 1.** The maximum amounts that can be deducted for 2017 are:

### Married filing jointly:

- Recipient age 65 or older ..... \$48,366
- Recipient age 62 or older and disabled ..... \$48,366

# FORM 39R

## Single:

- Age 65 or older .....\$32,244
- Age 62 or older and disabled .....\$32,244

These amounts must be reduced by retirement benefits received by you and your spouse under the Federal Social Security Act and the Federal Railroad Retirement Act.

The amount deducted can't exceed the amount of qualified benefits included in federal income.

**LINE 2** Enter the amount of retirement benefits you (and your spouse) received under the Federal Railroad Retirement Act.

The amounts to be included on this line are:

- The Net Social Security equivalent benefit portion, reported on federal Form RRB-1099, Box 5
- The "total gross paid" amount reported on federal Form RRB-1099-R, Box 7, minus any repayment reported on Box 8 and
- Any railroad retirement disability benefit included as wages on federal Form 1040, line 7

**LINE 3** Enter the amount of retirement benefits you (and your spouse) received under the Federal Social Security Act, Box 5 of your Forms SSA-1099. If you or your spouse received Canadian Social Security benefits that you included in your federal taxable income, include those amounts received.

## PART D. CREDIT FOR INCOME TAX PAID TO OTHER STATES

When Idaho and another state tax the same income, you may be eligible for a credit for tax paid to the other state. Use this section to compute the credit. You must include a complete copy of the other state's income tax return and Idaho Form 39R with your income tax return. If your S corporation or partnership paid income tax to another state, include a copy of Form ID K-1 or the schedule you received from the S corporation or partnership that paid the tax. If credit applies to more than one state, use a separate Form 39R for each state.

Examples of income that both Idaho and another state may tax include:

- Wages earned in another state that has an income tax, such as Oregon or Utah, while living in Idaho
- Income from a business or profession earned in another state that has an income tax, while a resident of Idaho

**LINE 1** Enter the tax shown on Form 40, line 20.

**LINE 2** Enter the total portion of federal adjusted gross income derived in the other state, modified to reflect Idaho additions and subtractions. In computing the income derived in the other state, you must reverse any adjustments to federal taxable income allowed by the other state that aren't applicable to Idaho.

Enter your adjusted gross income from the other state restated to a basis comparable to Idaho adjusted income. For example, if the other state taxes interest received from U.S. obligations, deduct this amount from the other state's adjusted gross income since Idaho doesn't tax this interest.

If your income derived in the other state includes income from an S corporation, partnership, trust, or estate, enter your share of the entity's taxable income correctly reported to the other state plus any other Idaho adjusted gross income from sources in the other state.

**LINE 3** Enter your Idaho adjusted income from Form 40, line 11, if you reported the double-taxed income on an individual income tax return in the other state. However, if the double-taxed income was reported to the other state and taxed as part of an S corporation or partnership composite or group return, enter your federal adjusted income from Form 40, line 7.

**LINE 4** Divide line 2 by line 3. Round to four digits to the right of the decimal point. For example .66666 is rounded to .6667 and should be entered as 66.67%. The percentage can't exceed 100%.

**LINE 6** Enter the other state's tax due from its tax table or rate schedule less its income tax credits. If your income derived in the other state was reported on a composite or group return filed by an S corporation or partnership, enter your proportionate share of the tax paid by the S corporation or partnership minus your proportionate share of the income tax credits. Income tax credits are those credits that relate to income tax. An example of a credit that isn't an income tax credit is a special fuels or gasoline tax credit or refund.

**LINE 7** Your allowable credit for tax paid to other states is the smaller of line 5 or line 6. Enter this amount on Form 40, line 22.

## PART E. CREDITS FOR IDAHO EDUCATIONAL ENTITY, IDAHO YOUTH AND REHABILITATION FACILITY CONTRIBUTIONS, AND LIVE ORGAN DONATION EXPENSES

### LINE 1 CREDIT FOR IDAHO EDUCATIONAL ENTITY CONTRIBUTIONS

If you donated cash to qualified educational entities, you can claim a tax credit. Donation of goods or services don't qualify.

The credit is limited to the smallest of:

- One-half of the amount donated
- 50% of the tax on Form 40, line 21
- \$500 (\$1,000 on a joint return)
- The tax on Form 40, line 21 less the amount on Form 40, line 22

When determining the amount of credit, you should include amounts from Form ID K-1, Page 3, line 55 in your calculations.

A qualified educational entity includes:

- A nonprofit corporation, fund, foundation, research park, trust, or association organized and operated exclusively for the benefit of Idaho colleges and universities
- A nonprofit, private or public Idaho school (elementary, secondary or higher education) or its foundation
- Idaho education public broadcast system foundations
- The Idaho State Historical Society or its foundation
- An Idaho public library or its foundation
- An Idaho library district or its foundation
- An Idaho public or private nonprofit museum
- The Idaho Commission for Libraries
- Idaho Commission on Hispanic Affairs
- Idaho Commission for the Blind and Visually Impaired
- Idaho Council on Developmental Disabilities
- Idaho State Independent Living Council
- Idaho Council for the Deaf and Hard of Hearing
- Idaho STEM Action Center

### LINE 2 CREDIT FOR IDAHO YOUTH AND REHABILITATION FACILITY CONTRIBUTIONS

You can claim this credit if you donated cash or goods to the following:

- Qualified center for independent living
- Youth or rehabilitation facility or its foundation or
- Nonprofit substance abuse center licensed by the Idaho Department of Health and Welfare

The credit is limited to the smallest of:

- One-half of the amount donated
- 20% of the tax on Form 40, line 21
- \$100 (\$200 on a joint return)
- The tax on Form 40, line 21 less the amounts on Form 40, line 22 and Form 39R, Part E, line 1

## FORM 39R

When determining the amount of credit, you should include amounts from Form ID K-1, Page 3, line 56 in your calculations.

The qualified youth or rehabilitation facilities and their foundations are:

- Anchor House, Coeur d'Alene
- The Arc, Inc., Boise
- The Children's Home Society of Idaho, Inc., Boise
- Children's Village, Inc., Coeur d'Alene
- Dawn Enterprises, Inc., Blackfoot
- Development Workshop, Inc., Idaho Falls
- Gem Youth Services, Inc., Emmett
- Hope House, Inc., Nampa
- Idaho Drug Free Youth, Inc., Coeur d'Alene
- Idaho Elks Rehabilitation Hospital, Inc., Boise
- Idaho Youth Ranch
- Kinderhaven, Sandpoint
- Learning Lab, Inc., Boise
- Magic Valley Rehabilitation Services, Inc., Twin Falls
- New Day Products, Inc., Pocatello
- Northwest (North Idaho) Children's Home, Inc.
- Opportunities Unlimited, Inc., Lewiston
- Panhandle Special Needs, Inc., Sandpoint
- Project P.A.T.C.H., Planned Assistance for Troubled Children
- Shepherd's Home, Inc., McCall
- Transitional Employment Services for the Handicapped, Coeur d'Alene
- Walker Center, Gooding
- Western Idaho Training Co., Inc., Caldwell
- Women's and Children's Alliance
- Winchester Occupational Workshop, Winchester

The following are the qualified centers for independent living:

- Disability Action Center Northwest, Moscow and Coeur d'Alene
- Living Independence Network Corporation, Boise and Twin Falls
- Living Independently For Everyone, Inc., Blackfoot, Idaho Falls, and Pocatello

### LINE 3 CREDIT FOR LIVE ORGAN DONATION EXPENSES

A living taxpayer who donates (or whose dependent donates) a qualified organ that's transplanted into another individual can claim a credit for expenses related to the donation.

The credit can't exceed the taxpayer's tax liability and is limited to the lesser of:

- The amount of live organ donation expenses paid by the taxpayer during the tax year or
- \$5,000

Any unused credit can be carried over for five years.

To claim the credit, you must donate one or more of the following organs:

- Human bone marrow
- Any part of:
  - An intestine
  - A kidney
  - A liver
  - A lung
  - A pancreas

Qualified expenses are those incurred by the taxpayer or dependent for travel, lodging, or lost wages and aren't reimbursed to the taxpayer. The expenses must be directly related to the live organ donation by the taxpayer or a dependent of the taxpayer.

### PART F. MAINTAINING A HOME FOR A FAMILY MEMBER AGE 65 OR OLDER OR A FAMILY MEMBER WITH A DEVELOPMENTAL DISABILITY

If you didn't claim the \$1,000 deduction on Part B, line 15, you can claim a \$100 credit for maintaining a home for an immediate family member age 65 or over not including yourself or your spouse, or a family member with a developmental disability, including yourself and your spouse. Refer to the instructions for Part B, line 15. If the home was maintained for the family member less than a full year, the credit is allowed at the rate of \$8.33 for each month the home was maintained.

You can claim this credit if your gross income is less than the filing requirement. File Form 40 and include Form 39R.

Only residents, including Idaho residents on active military duty outside Idaho, can claim this credit.

**LINES 1 and 2** Answer the two questions. If you answer yes to either question, you qualify.

**LINE 3** Enter the family member(s) name, Social Security number, relationship, and date of birth for whom you maintain a home and provide more than one-half of their support. If the claim is for a family member with a developmental disability, check the box.

**LINE 4** Enter the total on Form 40, line 43.