



## INCOME YEAR 2008

**All Gross Income of Claimant, Spouse, Domestic Partner and any Co-tenant(s).**

**Yes / No (Circle One): I file an Income Tax Return with the IRS. (Must provide a complete copy including all schedules.)**

**MUST report combined taxable and non-taxable gross annual income, regardless of source.**

INCOME		EXPENSES	
(A) <b>Gross</b> Social Security (Before Medicare deduction)	\$ _____	(G) In-Home Care Expenses (Non-reimbursed)...	(_____)
(B) Pension, Annuities, IRA, Retirement Bonds, Disability Benefits, Military Retirement/Veterans Benefits...	\$ _____	(H) Nursing Home, Boarding Home, Adult Family Home, or Assisted Living Expenses (Non-reimbursed)...	(_____)
(C) Interest & Dividends...	\$ _____	(I) Prescription Drugs (Non-reimbursed)...	(_____)
(D) Wages....	\$ _____	(J) Medicare Premiums under Title XVIII of the Social Security Act)... <b>(B, C, D)</b>	(_____)
(E) Investment Income...	\$ _____	(K) IRS Adjusted Gross Income Deductions, if any. (Form 1040 - Lines 23-35) or (Form 1040A - Lines 16-19)	(_____)
(F) All Other Income... (Business, Rentals, State Assistance, etc)	\$ _____		
<b>INCOME SUBTOTAL</b>	\$ _____	<b>TOTAL INCOME LESS EXPENSES:</b>	\$ _____
<b>TOTAL Combined Income For</b>	<b>2008</b>	Maximum Income Limit \$35,000	

**IMPORTANT NOTE:** Eligibility in this program is determined by the age or disability, ownership, and residency requirements of the claimant and the combined disposable income of the claimant, spouse, domestic partner and/or any co-tenant(s) during the application year – the year prior to the exemption.

# Instructions for Completing the Income Section of the Change in Status Report for the Senior Citizen and Disabled Persons Exemption from Real Property Taxes

## How is disposable income calculated?

“Disposable income” was given a specific definition by the Legislature in RCW 84.36.383(5). It is defined as adjusted gross income, as defined in the federal internal revenue code, plus all of the following that were not included in, or were deducted from, adjusted gross income:

- ◆ Capital gains (cannot offset with losses), other than a gain on the sale of a principal residence that is reinvested in a new principal residence;
- ◆ Amounts deducted for losses or depreciation;
- ◆ Pensions and annuities, including federal Social Security Act, railroad retirement benefits and worker’s disability compensation;
- ◆ Military pay and benefits other than attendant-care and medical-aid payments;
- ◆ Veterans pay and benefits other than attendant-care payments and medical-aid payments; veterans disability benefits and dependency and indemnity compensation (**beginning with the 2008 income year – see special instructions below**); and
- ◆ Dividend receipts and interest received on state and municipal bonds.
- ◆ **These income sources are included in disposable income whether or not they are taxable for IRS purposes.**

Include all income sources and amounts for you, your spouse/domestic partner, and any co-tenants that you received during the application/assessment year. The application/assessment year is the year before the taxes are actually due.

## Special instructions for Veterans Benefits.

In 2008, the Legislature passed SSB5256 which allows you to exclude veterans’ disability benefits and dependency and indemnity compensation as defined in Title 38, part 3, sections 3.4 and 3.5 of the code of federal regulations. If you are receiving these benefits, you no longer have to include those amounts in your disposable income. You must still include other military and veterans benefits other than attendant-care and medical-aid payments. CRSC benefits must still be included in disposable income.

## Special instructions for Line K.

If you had adjustments to your income for any of the following, report the amounts on Line K and include the IRS form or worksheet you used to calculate the amount of the adjustment.

- ◆ Certain business expenses for teachers, reservists, performing artists, and fee-basis government officials
- ◆ Self-employed health insurance or contributions to pension, profit-sharing, or annuity plans
- ◆ Health savings account deductions
- ◆ Moving expenses
- ◆ IRA deduction
- ◆ Alimony paid
- ◆ Student loan interest, tuition, and fees deduction
- ◆ Domestic products activities deduction

## **Documentation**

## What if my income changed in mid-year?

If your income was substantially reduced (or increased) for at least two months before the end of the year and the change in income is expected to continue indefinitely, you can use your new average monthly income to estimate your annual income. Calculate your income by multiplying your new average monthly income (during the months after the change occurred) by twelve.

**Example:** You retired in September and your monthly income was reduced from \$2,000 to \$1,000 beginning in October. Multiply \$1,000 x 12 to estimate your new annual income. Provide documentation that shows your new monthly income and when the change occurred.

## What is combined disposable income?

Combined disposable income is defined in RCW 84.36.383(4) as your disposable income plus the disposable income of your spouse/domestic partner and any co-tenants, minus amounts paid by you or your spouse/domestic partner for:

- ◆ Prescription drugs;
- ◆ Treatment or care for you, your spouse/domestic partner, received in the home (Care or treatment in your home means medical treatment or care received in the home. You can deduct costs for items such as oxygen, special needs furniture, attendant-care, light house tasks, meals-on-wheels, life alert, and other services that are part of a necessary or appropriate in-home service.);
- ◆ Treatment or care for you, your spouse/domestic partner in a nursing home, boarding home, or adult family home; and
- ◆ Health care insurance premiums for Medicare (**Parts B, C, and D**) (At this time, other types of insurance premiums are not an allowable deduction.)

**You should report these costs on Lines G through J.**

## What are the program benefits?

Your combined disposable income determines your eligibility and level of exemption for this program.

### **Levels of Reduction**

#### **Income**

0 - \$25,000	Exempt from regular property taxes on \$60,000 or 60% of the valuation, whichever is greater, plus exemption from 100% of excess levies.
\$25,001 - \$30,000	Exempt from regular property taxes on \$50,000 or 35% of the valuation, whichever is greater, not to exceed \$70,000 plus exemption from 100% of excess levies.
\$30,001 - \$35,000	Exempt from 100% of excess levies.

**Please contact your county assessor’s office for assistance in completing this form.**

Documentation of all income receipts must be provided to the Assessor. To the extent your return includes any of the following forms or schedules, a copy must be included with your application.

- IRS Form 1040
- IRS Form 1040A
- IRS Form 1040EZ
  
- Schedule B - Interest & Ordinary Dividends
- Schedule C - Profit & Loss from Business (Sole Proprietorship)
- Schedule D - Capital Gains & Losses
- Schedule E - Supplemental Income & Loss
- Schedule F - Profit & Loss from Farming
- Form 4797 - Sales of Business Property
- Form 6252 - Installment Sale Income
- Form 8829 - Expenses for Business Use of your Home
- Social Security Statement (Generally, SSA 1099)

**The following 1099's:**

- 1099-B - Proceeds from Broker & Barter Exchange
- 1099-Div - Dividends & Distributions
- 1099-G – Unemployment Compensations, State & Local Income Tax Refunds, Agricultural Payments
- 1099-Int - Interest Income
- 1099-Misc - Contract Income, Rent & Royalty Payments, Prizes
- 1099-R - Distributions from Pensions, Annuities, IRA's, Insurance Contracts, Profit Sharing Plans
- 1099-S - Proceeds from Real Estate Transactions
- RRB-1099 - Railroad Retirement Benefits
- SSA-1099 - Social Security Benefits

***Non-IRS Filers: For applicants who do not file an IRS return, you must provide documentation of all income that would have been reported on a federal return by you, your spouse/domestic partner, and any co-tenants.***

***Standard federal documents used by others to report income they paid out, including but not limited to, the following:***

1. W-2's - Wage & Tax Statement  
W-2-G - Certain Gambling Winnings
2. 1099's
  - 1099-B - Proceeds from Broker & Barter Exchange
  - 1099-Div - Dividends & Distributions
  - 1099-G – Unemployment Compensations, State & Local Income Tax Refunds, Agricultural Payments
  - 1099-Int - Interest Income
  - 1099-Misc - Contract Income, Rent & Royalty Payments, Prizes
  - 1099-R - Distributions from Pensions, Annuities, IRA's, Insurance Contracts, Profit Sharing Plans
  - 1099-S - Proceeds from Real Estate Transactions
  - RRB-1099 - Railroad Retirement Benefits
  - SSA-1099 - Social Security Benefits

**Other types of payments may be found listed in the IRS Publication "Instructions for Forms 1099, 1098, 5498, and W-2G".**

If you have income from other sources that you did not receive a W2 or 1099 for (e.g. workers compensation, state cash and food assistance, tips, cash earned from yard sales or odd jobs, rental income, groceries purchased for you in return for a room in your house, etc.), a copy of all 12 monthly bank statements with a statement describing the type of income received, a statement from any organization (DSHS, WA Labor & Industries, U.S. Dept. of Labor (OWCP), or from persons you received assistance for the year the application is being filed must be submitted with your application.

**PROOF OF EXPENSES**

**You also need proof (e.g. invoices, bills or cancelled checks) for nursing home, boarding home, or adult family home care, in-home care, or prescription drugs purchased by you, your spouse/domestic partner - provided these amounts were not reimbursed by a government program or insurance. You can ask for a print out of prescription drug expenses from your pharmacy.**