

Combined Disposable Income Worksheet

As defined in RCW 84.36.383 (4) and (5) and WAC 458-16A-100 (6) and (12)

Income:**\$ Amount**

- A. **Adjusted Gross Income from Federal Tax Return.** If you did not file with IRS, enter -0- here and report your income from all sources on the appropriate lines below.
- B. **Capital Gains not already included in Line A.** Do not use losses to offset gains. Do not include the gain from the sale of your principal residence if you used the gain to purchase a replacement principal residence within the same year.
- C. **Deductions for Losses (including capital losses).** If your adjusted gross income includes deductions for losses, those amounts must be added back. Include deductions for losses from business ventures and rentals as well as capital losses.
- D. **Deductions for Depreciation.** If your adjusted gross income includes deductions for depreciation, those amounts must be added back. If you deducted depreciation as a business and/or rental expense that resulted in a loss, recalculate the net income/loss without the deduction for depreciation expense. If there is still a net loss enter -0- here, if there is net income enter the net income here.
- E. **Dividends or interest not already included in the amount on Line A.** Include interest on state and municipal bonds.
- F. **Pensions and annuities.** Report any pension and annuity amounts not included in the amount on Line A, but do not include non-taxable IRA distributions.
- G. **Military Pay and Benefits.** Report military pay and benefits not included in the amount on Line A. Do not include attendant-care and medical-aid payments. Report your CRSC here.
- H. **Veterans Pay and Benefits.** Report veterans pay and benefits not included in the amount on Line A. Do not include attendant-care and medical-aid payments. For the 2008 income year and forward, do not include disability compensation or dependency and indemnity compensation you receive from the Department of Veterans Affairs.
- I. **Social Security and Railroad Retirement Benefits.** Report Social Security and Railroad Retirement not already included in the amount on Line A. For example: If your gross Social Security benefit was \$10,000 and \$4,000 was included in adjusted gross income as the taxable amount, report the non-taxable \$6,000 here.
- J. **Income from Schedules C, E, and F not already included in the amount on Line A.** You can deduct normal expenses except depreciation expense, but do not use losses to offset income.
- K. **Other Income not already included in the amount on Line A.** Give source, type, and amount.

Subtotal Income: \$ 0**Less Non-Reimbursed Expenses:**

- L. **Nursing Home, Boarding Home, or Adult Family Home Expenses.**
- M. **In-Home Care Expenses.** See instructions for expenses that may qualify.
- N. **Prescription Drug Costs.** Report out-of-pocket costs.
- O. **Insurance Premiums paid for Medicare under Titled XVIII of the Social Security Act (Parts A, B, C, and D).** Do not include supplemental or long-term care insurance premiums.
- P. **Enter -0- here if you filed a return with IRS and entered an amount on Line A.** If you did not file a return with IRS and you had deductions to gross income normally allowed by IRS, enter those deductions here. Allowable adjustments include alimony you paid, tuition, student loan interest, moving expenses, and others. See the instructions.

Subtotal Allowable Expenses: \$ 0**Total Combined Disposable Income Less Allowable Deductions:** \$ 0

Instructions for Completing the Income Section of the Change in Status Report for the Senior Citizen and Disabled Persons Exemption

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, 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 and railroad retirement benefits;
 - ◆ 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**); 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 Lines G and H.

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 P.

If you had adjustments to your income for any of the following and you did not file an IRS return, report the amounts on Line P 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

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. (At this time, other types of insurance premiums are not an allowable deduction.)

You should report these costs on Lines L through O.

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.