

Combined Disposable Income Worksheet

as defined in RCW 84.36.383 and WAC 458-16A-100

Income Year

**County Use
Only
Source Checklist**

REPORT YOUR INCOME. Be sure to answer all the questions.

			\$ Amount	
A.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you file a FEDERAL TAX RETURN ? If yes, enter your Adjusted Gross Income (AGI) from your federal tax return and attach a complete copy of your return. If no, enter -0-.		<input type="checkbox"/> IRS 1040 <input type="checkbox"/> IRS 1040-A <input type="checkbox"/> IRS 1040-EZ
B.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you have CAPITAL GAINS that were not reported on your tax return? <u>Do not</u> add the gain from the sale of a primary residence if you used the entire gain to purchase a replacement residence in the same year. Do not use losses to offset gains.		<input type="checkbox"/> Schedule D <input type="checkbox"/> Form 4797 or 6252 <input type="checkbox"/> Other: _____
C.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you have deductions for LOSSES included in your tax return? If yes, the losses must be added back to the extent they were used to offset/reduce income. <i>Example: On Schedule D, you reported a (\$10,000) loss but the loss was limited to (\$3,000), shown on Line 13 of your 1040. Add the (\$3,000) loss used to offset/reduce your income.</i> <i>Example: You filed two Sch C's - one with a (\$10,000) loss and one with a \$5,000 net income. A net loss of (\$5,000) was reported on your 1040 Line 12. Add back the (\$10,000) loss.</i>		<input type="checkbox"/> Sched C D E F <i>(circle as applicable)</i> <input type="checkbox"/> Other: _____
D.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you deduct DEPRECIATION expense in your tax return? If yes, that expense must be added back to the extent the expense was used to reduce your income. <i>Example: Net loss reported. If you deducted depreciation as a business and/or rental expense that resulted in a loss, recalculate the net income/loss without the depreciation expense. If there is still a net loss, enter -0- here; if there is net income, enter the net income here.</i>		<input type="checkbox"/> Sched C E F K-1 <i>(circle as applicable)</i> <input type="checkbox"/> Other: _____
E.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you have nontaxable DIVIDEND OR INTEREST income OR income from these sources that was not reported on your tax return? If yes, add that income here. Include non-taxable interest on state and municipal bonds.		<input type="checkbox"/> Bank statements <input type="checkbox"/> 1099's
F.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you have nontaxable PENSION AND ANNUITY income OR income from these sources that was not reported on your tax return? If yes, report the amounts here. <i>Example: You received \$10,000 in pensions and annuities. The taxable amount was \$6,000. Report the nontaxable \$4,000 here. Do not include nontaxable IRA distributions.</i>		<input type="checkbox"/> 1099's <input type="checkbox"/> Other: _____
G.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you receive MILITARY PAY AND BENEFITS that were nontaxable or income from these sources that was not reported on your tax return? If yes, report that income here, including CRSC. Do not include attendant-care and medical-aid payments.		<input type="checkbox"/> DFAS statement <input type="checkbox"/> 1099's
H.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you receive VETERANS PAY AND BENEFITS from the Department of Veterans Affairs that was nontaxable or that was not reported on your tax return? If yes, report that income here. Do not include attendant-care and medical-aid payments, disability compensation, or dependency and indemnity compensation paid by DVA.		<input type="checkbox"/> VA statement <input type="checkbox"/> 1099's <input type="checkbox"/> Other: _____
I.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you receive nontaxable SOCIAL SECURITY OR RAILROAD RETIREMENT BENEFITS ? If yes, report that income here. <i>Example: Your gross Social Security benefit was \$10,000 and \$4,000 was included in AGI as the taxable amount. Report the nontaxable \$6,000 here.</i>		<input type="checkbox"/> SS statement <input type="checkbox"/> RRB statement
J.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you receive income from BUSINESS, RENTAL, OR FARMING ACTIVITIES (Schedules C, E, or F) that was not reported on your tax return? You can deduct normal expenses except depreciation expense, but do not use losses to offset income.		<input type="checkbox"/> Sched C E F <i>(circle as applicable)</i> <input type="checkbox"/> Other: _____
K.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Did you receive OTHER INCOME that is not included in the amounts on Lines A through J? If yes, report source, type and amount here:		<input type="checkbox"/> _____ <input type="checkbox"/> _____
Did you have any of the following Allowable Deductions?			SubTotal Income: \$	
L.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Nursing Home, Boarding Home, or Adult Family Home expenses.		<input type="checkbox"/> _____
M.	<input type="checkbox"/> Yes <input type="checkbox"/> No	In-Home Care Expenses. See instructions for qualifying expenses.		<input type="checkbox"/> _____
N.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Prescription Drug Costs. Report out-of-pocket costs that are not reimbursed by insurance.		<input type="checkbox"/> Printout/Receipts
O.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Medicare Insurance Premiums under Title XVIII of the Social Security Act (Parts B, C, and D). Currently, there is no allowable deduction for supplemental, long-term care, or other types of insurance premiums.		<input type="checkbox"/> SS statement <input type="checkbox"/> RRB statement
P.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Enter -0- here if you filed a return with the IRS and entered an amount on Line A. If you did not file a return with the IRS and you had expenses normally allowed by IRS as adjustments to gross income, enter those deductions here. Allowable adjustments include alimony you paid, tuition, moving expenses, and others; see the instructions for more information.		<input type="checkbox"/> _____ <input type="checkbox"/> _____
SubTotal Deductions: \$				
TOTAL COMBINED DISPOSABLE INCOME: \$				

INSTRUCTIONS FOR COMPLETING THE APPLICATION

PARTS 1 THROUGH 5

Provide the information requested in Parts 1 through 4. Leave the "County Use Only" areas blank. In Part 1, a co-tenant is someone who lives with you and has an ownership interest in your home. Your signature in Part 5 must have two witnesses. If you do not have anyone available to witness your signature, take your completed application to the Assessor's Office and someone there will witness your signature. To avoid delays in processing your application, remember to answer all questions and include all of the required documentation. If you have questions about what to include, contact your County Assessor's Office.

Page 2: How is DISPOSABLE INCOME calculated?

The Legislature gave "disposable income" a specific definition. According to RCW 84.36.383(5), "disposable income" is 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;
- ♦ 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, medical-aid payments, veterans' disability benefits, and dependency and indemnity compensation; and
- ♦ Dividend receipts and interest received on state and municipal bonds.

THE ABOVE INCOME IS INCLUDED IN "DISPOSABLE INCOME" EVEN WHEN IT IS NOT TAXABLE FOR IRS PURPOSES.

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 you expect that change in income to continue, you may be able to 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. Report this amount on Line K and do not complete Lines A through J. Provide documentation that shows your new monthly income and when the change occurred.

Example: You retired in May and your monthly income was reduced from \$3,500 to \$1,000 beginning in June. Multiply \$1,000 x 12 to estimate your new annual income.

Important: Include all income sources and amounts received by you, your spouse/domestic partner, and any co-tenants during the application/assessment year (the year before the tax is due). If you report income that is very low or zero, attach documentation showing how you meet your daily expenses.

Use **Line K** to report any income not reported on your tax return and not listed on Lines A through J. Include foreign income not reported on your federal tax return and income contributed by other household members. Provide the source and amount of the income.

Lines L - O: What is COMBINED DISPOSABLE INCOME?

RCW 84.36.383(4) defines "combined disposable income" as your disposable income plus the disposable income of your spouse or domestic partner and any co-tenants, minus amounts paid by you or your spouse or domestic partner for:

- ♦ Prescription drugs;
- ♦ Treatment or care of either person in the home or in a nursing home, boarding home, or adult family home;
- ♦ Health care insurance premiums for Medicare. (At this time, other types of insurance premiums are not an allowable deduction.)

Care or treatment in your home means medical treatment or care received in the home, including physical therapy. You can also deduct costs for necessities such as oxygen, special needs furniture, attendant-care, light housekeeping tasks, meals-on-wheels, life alert, and other services that are part of a necessary or appropriate in-home service.

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 these 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
- ♦ Health savings account deductions
- ♦ Moving expenses
- ♦ IRA deduction
- ♦ Alimony paid
- ♦ Student loan interest, tuition, and fees deduction
- ♦ Domestic products activities deduction

What are the program benefits?

The taxable value of your home will be "frozen" as of January 1 in the year you first qualify for this program. Even though your assessed value may change, your taxable value will not increase above your frozen value. In addition, your combined disposable income determines the level of reduction (exemption) in your annual property taxes. **Note:** In 2019, the Legislature changed the income thresholds effective for taxes levied for collection in 2020 and forward. Refer to www.dor.wa.gov/incomethresholds for income thresholds that apply to 2020 and forward.

Income	Level of Reduction
Threshold 1: \$30,000	Exempt from regular property taxes on \$60,000 or 60% of the valuation, whichever is greater, plus exempt from 100% of excess levies.
Threshold 2: \$35,000	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.
Threshold 3: \$40,000	Exempt from 100% of excess levies and Part 2 of the state school levy.

** Income levels shown are for Cowlitz County*

CONTACT THE COUNTY ASSESSOR'S OFFICE at 360-577-3010 FOR ASSISTANCE COMPLETING THIS FORM

DOCUMENTATION TO INCLUDE WITH APPLICATION

You must provide documentation to the Assessor for all income received by you, your spouse or domestic partner, and any co-tenants.

PROOF OF INCOME

Federal Tax Forms

If you filed a federal tax return, provide a complete copy including, but not limited to, all of the following forms or schedules that are part of your federal return:

- * IRS Form 1040, 1040A, or 1040EZ
- * Schedule B - Interest and Ordinary Dividends
- * Schedule C - Profit & Loss from Business
- * Schedule D - Capital Gains & Losses
- * Schedule E - Supplemental Income & Loss
- * Schedule F - Profit & Loss from Farming
- * Form 1116 - Foreign Tax Credit
- * Form 4797 - Sales of Business Property
- * Form 6252 - Installment of Sale Income
- * Form 8829 - Expenses for Business Use of Your Home
- * Social Security Statement (generally, SSA-1099)
- * K-1's

Non-IRS Filers:

If you do not file an IRS return, you must provide documentation of all income received by you, your spouse or domestic partner, and any co-tenants.

Other Documents:

Include copies of standard federal forms and documents used by others to report income they paid out, including but not limited to the following:

- * W-2's: Wage & Tax Statement
- * W-2-G: Certain Gambling Winnings
- * 1099-B: Proceeds from Broker & Barter Exchange
- * 1099-Div: Dividends & Distributions
- * 1099-G: Unemployment Compensation, 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 Income Sources

If you have income from other sources and you did not receive a W-2 or 1099 for the income you received, provide the following:

- * A statement from the organization that issued the payments (DSHS, WA Labor & Industries, US Dept of Labor, OWCP, etc);
- * Copies of your monthly bank statements with a statement describing the type of income received (i.e. tips, cash earned from yard sales or odd jobs, rental income, groceries purchased for you in return for a room in your house, etc.).

PROOF OF EXPENSES

Provide documentation for all allowable out-of-pocket expenses that were not reimbursed by insurance or a government program.

Provide a copy of an invoice, bill, or cancelled check if you or your spouse or domestic partner paid for any of the following:

- * Care in a nursing home, boarding home, or adult family home
- * In-home care
- * Prescription drugs (most pharmacies will provide a printout for the year upon request)
- * Medicare Prescription Drug or Medicare Advantage insurance plans

PROOF OF AGE OR DISABILITY and PROOF OF OWNERSHIP AND RESIDENCY

Provide documentation to the Assessor demonstrating that you meet either the the age or the disability requirements, as well as ownership and residency requirements, such as:

- * A copy of your driver's license or state-issued photo id.
- * A copy of your voter registration.
- * A copy of your birth certificate
- * If your eligibility is based on a disability, a copy of your disability award letter from SSA or VA, or a Proof of Disability statement completed and submitted by your physician
- * A complete copy of your trust documents, if applicable

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