

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 22141
[Redacted]	)	
	)	DECISION
Petitioner.	)	
_____	)	

On July 24, 2009, the Revenue Operations division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination to [Redacted] (taxpayers) proposing additional tax and interest in the amount of \$309 for taxable year 2008.

The taxpayers filed a timely appeal. They did not request a hearing. The Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

The taxpayers timely filed their 2008 income tax return and claimed dependency exemptions for their three children, one of which, [Redacted], filed a joint return with his spouse in 2008. Because an exemption may only be claimed once, the taxpayers were notified by Revenue Operations that an adjustment was made to deny the exemption claimed for [Redacted] along with the grocery credit for [Redacted]. The letter also showed the effect of these changes to taxable income and showed a corrected tax amount. The taxpayers protested the adjustments, and their file was transferred to the Legal/Tax policy division for administrative review.

Taxpayers may claim dependency exemption deductions for their dependents as defined in Internal Revenue Code (IRC) section 152. IRC section 152(a) defines the term “dependent” as a qualifying child or qualifying relative. IRC section 152(b), however, provides exceptions to the general rule. IRC section 152(b)(2) states an individual shall not be treated as a dependent of a taxpayer under subsection(a) if such individual has made a joint return with the individual’s

spouse under IRC section 6013 for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.

In their protest letter, the taxpayers stated that [Redacted] had lived in the household for four months in 2008 and married in July 2008. The taxpayers also stated that, looking back at their taxes, they missed the fact that [Redacted] was listed on their return as living with them for 12 months. From the statements contained in the protest letter, it appears the taxpayers are seeking more of an explanation of how tax and taxable income were determined than they are disputing the denial of the dependency exemption.

One of the questions raised by the taxpayers is the determination of taxable income. The original return showed a taxable income of \$55,085. When the dependency exemption, which is \$3,500 for 2008, is denied, taxable income is increased by the exemption amount to \$58,585. The taxpayers also questioned the amount allowed for the grocery credit. The grocery credit for 2008 is \$30; therefore, when multiplied by the four allowable exemptions on the taxpayers' return, they would be entitled to a credit of \$120 as opposed to the \$150 claimed on the original return.

[Redacted] does not qualify as a dependent of the taxpayers for the purpose of IRC § 152, therefore, the Commission finds that the taxpayers are not entitled to a dependency exemption deduction for [Redacted] for 2008. And since the taxpayers are not entitled to the dependency exemption, they cannot claim an additional grocery credit for [Redacted] per Idaho Code § 63-3024A.

WHEREFORE, the Notice of Deficiency Determination directed to [Redacted] [Redacted] dated July 24, 2009, is APPROVED, AFFIRMED, and MADE FINAL.

It is ORDERED and this does ORDER, the taxpayers pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$303	\$6	\$309

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2009, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.  
  
\_\_\_\_\_