

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 22676
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On January 30, 2010, the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination to [Redacted] (taxpayers) proposing additional income tax in the amount of \$315 for taxable year 2008.

The taxpayers filed a timely appeal and requested that an informal hearing be held by phone. The taxpayers submitted additional documentation on April 13, 2010 and an informal hearing was held on April 28, 2010. The Commission, having reviewed the file, hereby issues its decision.

The sole issue for the decision is whether the petitioners are entitled to a dependency exemption deduction for [Redacted], from a previous marriage.

According to the appeal letter submitted by the taxpayers, [Redacted] was 23 years old in 2008 and a full-time student. The letter also stated that the original divorce decree, issued in 1985, made no mention of “taxes,” but [Redacted] stated she had claimed [Redacted] from 1986 through 2003, when he graduated from high school. In 2004, according to [Redacted], [Redacted] did not live with either parent and did not become a dependent again until 2005 when he became a full-time college student. The taxpayers claimed a dependency exemption for [Redacted] on their 2008 return.

Taxpayers may claim dependency exemption deductions for their dependents as defined in Internal Revenue Code (IRC) § 152. IRC § 152(a) defines the term “dependent” as a

qualifying child or qualifying relative. A qualifying child is defined as an individual who (1) bears a certain relationship to the taxpayer, such as the taxpayer's child, (2) has the same principal place of abode as the taxpayer for more than one-half of the taxable year, (3) meets certain age requirements, and (4) has provided over one-half of the individual's own support for the taxable year. IRC § 152(c) (1)-(3). A qualifying relative is defined as an individual (1) who bears a certain relationship to the taxpayer, such as the taxpayer's child or grandchild, (2) whose gross income for the taxable year is less than the exemption amount, (3) with respect to whom the taxpayer provides over one-half of the individual's support for the taxable year, and (4) who is not a qualifying child of the taxpayer or of any other taxpayer for the taxable year. IRC § 152(d)(1) and (2).

To claim a dependent exemption under IRC § 152(a), the taxpayers must show they have either a qualifying child or qualifying relative. Regarding a qualifying child, the taxpayers did not show that [Redacted] principal place of abode was with them for more than one-half of the taxable year. As for meeting the requirements for a qualifying relative of the taxpayers, the taxpayers have not shown that [Redacted]

Because the taxpayers have failed to establish that [Redacted] was either a qualifying child or qualifying relative for the purpose of IRC § 152, the Commission finds that the taxpayers are not entitled to a dependency exemption deduction 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]. and [Redacted] dated January 30, 2010, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$303	\$22	\$325

Interest is calculated through September 17, 2010.

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 _____ 2010.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2010, 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.