

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 24121
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On June 22, 2011, 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 total amount of \$116.65 for taxable year 2010.

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

Mr. [Redacted] divorced [Redacted] mother in 1999. According to the divorce decree, Mr. [Redacted] was ordered to pay child support and was entitled to claim a dependency exemption for [Redacted] each year beginning with the 1999 tax year. Amendments to the decree were issued in 2003 and in 2005, but neither one addressed the tax exemption provision. The 2005 amendment increased Mr. [Redacted] custodial percentage to 60 percent.

According to Mr. [Redacted], [Redacted] graduated high school on June 12, 2010, and on June 15, 2010, moved out of his residence. [Redacted] turned 18 in September 2010. The taxpayers, however, still claimed [Redacted] as a dependent on their 2010 income tax 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 the taxable year. As for meeting the requirements for a qualifying relative of the taxpayers, the taxpayer failed to show that they provided more than one-half of [Redacted] support for taxable year 2010 or that [Redacted] gross income for taxable year 2010 was less than the exemption amount.

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 taxable year 2010. 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.

THEREFORE, the Notice of Deficiency Determination directed to [Redacted] dated June 22, 2011, is AFFIRMED.

The taxpayers have paid the Notice of Deficiency Determination in full; therefore, no DEMAND for payment of tax is made or necessary.

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

DATED this _____ day of _____ 2011.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2011, 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.
