

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 24614
[Redacted],	)	
	)	
Petitioners.	)	DECISION
_____	)	

On November 10, 2011, the Revenue Operations Division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayers) reducing the amount of refund claimed for taxable year 2010 in the total amount of \$1,246.

The taxpayers filed a timely protest and petition for redetermination. They did not request a conference and did not submit additional information. The Commission has reviewed the file, is advised of its contents, and hereby issues its decision.

In their 2010 Idaho individual income tax return, the taxpayers claimed a deduction for adoption expenses in the amount of \$23,000. The Commission reviewed the 2010 return and determined the amount of adoption expenses claimed exceeded the allowable amount defined in Idaho Code § 63-3022I. The taxpayers were notified of the determination, and they protested the adjustment to their return that reduced the amount of refund claimed on their 2010 Idaho individual income tax return from \$3,144 to a refund of \$1,898.

The taxpayers' file was transferred to the Legal/Tax Policy Division for administrative review. They did not respond to a letter outlining their right to request a hearing or submit additional information.

In his petition for redetermination, the taxpayers simply stated that they did not agree with the amount of refund they received and requested their return be reviewed and adjusted.

Idaho Code § 63-3022I allows a deduction from taxable income for adoption expenses:

**63-3022I. Adoption expenses.** For taxable years commencing on or after January 1, 1994, legal fees and costs and medical expenses and costs all related to the adoption of a child may be deducted from taxable income by adoptive parent. The deduction allowed pursuant to these sections shall not exceed three thousand dollars (\$3000) for the legal fees and costs and medical expenses and costs incurred in the adoption, or the actual costs of the legal fees and costs and medical expenses and costs incurred in the adoption, whichever amount is less, which amount may not include travel costs.

Idaho Income Tax Administrative Rule **185.02, Maximum Deduction**, states the deduction allowed for a successful adoption is limited to a maximum of three-thousand dollars (\$3,000), regardless of whether the deduction is claimed in one (1) or more years. If a taxpayer adopts more than one (1) child, he is allowed a deduction not to exceed three-thousand dollars (\$3,000) for the adoption of each child.

The language of the Idaho statute and administrative rule mentioned above are clear and unequivocal. The maximum amount of deduction allowed for a successful adoption is \$3,000. The Commission denies any deduction in excess of this amount for taxable year 2010.

THEREFORE, the NODD dated November 10, 2011, and directed to [Redacted], is **AFFIRMED**.

Because the taxpayers' refund was only reduced, no DEMAND for payment is hereby made or necessary.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2012, 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.

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