

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 25789
[Redacted],)	
)	
Petitioner.)	DECISION
_____)	

On June 21, 2013, the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer) proposing tax and interest for taxable year 2012 in the total amount of \$162.52

The sole issue for this decision is whether the taxpayer is entitled to a dependency exemption deduction for her daughter, [Redacted]. As part of her appeal, the taxpayer provided a copy of her Divorce Decree, dated May 2, 2002, and a Findings of Fact, Conclusions of Law and Order, dated March 22, 2011. The Decree awards joint legal and physical custody of [Redacted], and shared residential custody, wherein the taxpayer and her ex-husband share custody on an alternating two week basis. For State and [Redacted] income tax purposes, the Decree states the parents will alternate each year who is allowed to claim the dependent exemption for [Redacted]. The Order issued in 2011 does not mention the dependent exemption, but does alter the residential custody. The Order awards [Redacted] father primary residential custody with visitation awarded to the taxpayer.

The taxpayer did not respond to a letter outlining her alternatives for redetermining a protested NODD, nor did she request a hearing. The Commission, having reviewed the file, hereby issues its decision.

Taxpayers may claim dependency exemption deductions for their dependents as defined in Internal Revenue Code (IRC) § 152. Under IRC § 152(a), the term “dependent” means 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 not provided over one-half of the individual's own support for the taxable year. IRC § 152(c)(1)-(3).

However, the dependency exemption, as a general rule, is limited under IRC § 152(e)(1) as follows: if the child received over one-half of his support during the calendar year from his parents who live apart at all times during the last 6 months of the calendar year and the child is in the custody of one or both parents for more than one-half of the calendar year, then the child is treated as the qualifying child of the noncustodial parent if certain requirements are met. The requirements are met if (1) the custodial parent signs a written declaration (in such manner and form as the Secretary may prescribe) that the custodial parent will not claim the child as a dependent for the taxable year; and (2) the noncustodial parent attaches the written declaration to the noncustodial parent's return for the taxable year. IRC § 152(e)(2).

The term "custodial parent" is defined in IRC § 152(e)(4)(A) as the parent having custody for the greater portion of the calendar year. The Order modifying the Decree states that beginning in March, 2011, primary physical custody of [Redacted] will be with her father. In addition, in a response to a request for information, when asked how many days [Redacted] lived with her during taxable years 2012, the taxpayer responded, 130. When asked if she was the custodial parent, the taxpayer responded, no.

An exception to the above rule is provided in IRC section 152(e)(2) in that if the parent having custody elects to release his claim to exemption for the children in his custody for the year in question, and supplies a written release to that effect, and if the noncustodial parent

receiving the right to claim the dependency exemption attaches such waiver to the tax return, then the waiver will be honored and the noncustodial parent may claim the dependency exemption for the child.

The Decree provides that the taxpayer is entitled to the dependency exemption for [Redacted] in even numbered years. However, the mere fact that the State court granted the taxpayer the right to claim the dependency exemption deduction is immaterial, because a state court cannot determine issues of [Redacted] tax law. Id. See Commissioner v. Tower, 327 U.S. 280 (1946); Kenfield v. United States, 783 F.2d 966 (10th Cir.1986); Nieto v. Commissioner, T.C. Memo.1992-296.

For taxable year 2012, the taxpayer is not the custodial parent [Redacted] and she does not have a signed release from the custodial parent. Therefore, the taxpayer is not entitled to the dependency exemption or grocery credit for [Redacted] for taxable year 2012.

THEREFORE, the Notice of Deficiency Determination dated June 21, 2013 and directed to [Redacted], is AFFIRMED and made final.

IT IS ORDERED that the taxpayer pay the following amount of tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$160	\$3	\$163

Interest is calculated through December 30, 2013.

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

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

DATED this _____ day of _____ 2013.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2013, 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.