

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 26117
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On November 12, 2013, the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] and [Redacted] (taxpayers) denying the additional dependency exemption deduction and grocery credit claimed for taxable year 2012 and asserting additional tax and interest in the total amount of \$278.

The taxpayers requested an informal hearing, but followed with a telephone call before a hearing could be scheduled. In the telephone conversation, the criteria outlining the requirements for a qualifying child or relative was discussed. The taxpayers stated they would contact the Commission after discussing the information provided with their accountant. There has been no further contact with the taxpayers. The Commission, having reviewed the file, hereby issues its decision.

The sole issue for this decision is whether the taxpayers are entitled to dependency exemption deductions for their daughter, [Redacted] and her daughter, [Redacted].

As part of their appeal, the taxpayers stated that [Redacted] and [Redacted] did not live with them, but they did provide more than half the total support for them for 2012. Their appeal also stated that [Redacted] is the custodial parent of [Redacted] and that [Redacted] had approved her parents to claim [Redacted] as a dependent.

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 taxpayer must show he has either a qualifying child or qualifying relative. Regarding a qualifying child, the taxpayers stated that [Redacted] did not live with them during 2012. As for meeting the requirements for a qualifying relative, the taxpayers failed to show that [Redacted] income for the 2012 taxable year was less than the exemption amount.

The taxpayers have also claimed the dependency exemption for their granddaughter, [Redacted]. The taxpayers do not meet the requirements to claim [Redacted] as their qualifying child, since she did not live with them during 2012. As for meeting the requirements for a qualifying relative, the taxpayers failed to show that [Redacted] was not a qualifying child of any other taxpayer for 2012.

The taxpayers did not satisfy the requirements to claim the dependency exemption for their daughter, [Redacted], and their granddaughter, [Redacted]. Also, because the taxpayers are

not entitled to the dependent exemptions, the taxpayers cannot claim the additional grocery credit per Idaho Code §63-3024A.

THEREFORE, the Notice of Deficiency Determination dated November 12, 2013, and directed to [Redacted] and [Redacted] is APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$278	\$11	\$289

Interest is calculated through June 17, 2014.

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 _____ 2014.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2014, 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.
