

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

In the Matter of the Protest of )  
[Redacted], ) DOCKET NO. 39067  
Petitioner. ) DECISION  
\_\_\_\_\_ )

On August 14, 2014, the Revenue Operations Division of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer) for taxable year 2013 denying the additional dependency exemption deduction and grocery credit claimed for his daughter, [Redacted].

The sole issue for this decision is whether the taxpayer is entitled to a dependency exemption deduction for his child, [Redacted], from a prior marriage. As part of his appeal, the taxpayer provided pages 1, 3, and 5 of his Decree of Divorce issued by the [Redacted] Judicial District Court of Idaho dated January 22, 2003. Item number 12 of the document, Income Tax Exemption and/or Child Daycare Tax Credit, states that the taxpayer shall be allowed to claim the minor child as an exemption for state, [Redacted] and/or child daycare tax credits/exemptions.

The taxpayer did not respond to a letter outlining his alternatives for redetermining a protested NODD, nor did he 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 Decree grants the taxpayer joint legal custody of [Redacted], but further states that the primary physical and residential care of [Redacted] is assigned to her mother. In response to a request for information, when asked how many days [Redacted] lived with him during the year, the taxpayer did not answer the question. When asked if he was the custodial parent, the taxpayer stated he was not the custodial parent.

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 states that the taxpayer is entitled to the dependency exemptions for [Redacted]. 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 2013, the taxpayer is not the custodial parent of [Redacted] and he does not have a signed release from the custodial parent. Therefore, the taxpayer is not entitled to the dependency exemption. Also, because the taxpayer is not entitled to the dependent exemption, the taxpayer cannot claim the additional grocery credit for [Redacted] per Idaho Code section 63-3024A.

THEREFORE, the Notice of Deficiency Determination dated August 14, 2014, and directed to [Redacted], is APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	\$369	\$16	\$385

Interest is calculated through May 15, 2015.

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 \_\_\_\_\_ 2015.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2015, 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.