

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 0-162-172-928
[REDACTED])	
Petitioner.)	
)	DECISION
_____)	

On September 25, 2015, the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (taxpayer) for taxable year 2014 denying the additional dependency exemption deduction and grocery credit claimed for her son [Redacted]

The sole issue for this decision is whether the taxpayer is entitled to a dependency exemption deduction for her son. As part of her appeal, the taxpayer provided an unsigned copy of federal Form 8332 to revoke her release of claim to the exemption for her son. Subsequently, the taxpayer provided a signed copy of federal Form 8332 dated January 1, 2014.

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. In response to a request for information, the taxpayer stated that [Redacted] the custodial parent of [Redacted] and indicated he [Redacted] 365 days with her during taxable year 2014.

An exception to the above rule is provided in IRC § 152(e)(2) in that if the parent having custody elects to release his claim to exemption for the child 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. This written declaration may be on Form 8332 or another document that conforms in substance to Form 8332.

In the present case, the taxpayer apparently has previously released the claim to the exemption; therefore, the issue of custody is not in question. The copy of federal Form 8332 to revoke the claim to the exemption was signed and dated January 1, 2014. According to the

[Redacted], if the custodial parent revokes the noncustodial parent's right to claim the child, the revocation is effective no earlier than the tax year following the year in which the revocation is made. Since the Form 8332 was dated January 1, 2014, the earliest year the revocation can be effective is 2015.

Therefore, the Commission finds that the taxpayer is not entitled to a dependency exemption deduction for [Redacted] for taxable year 2014. And since the taxpayer is not entitled to the dependency exemption, the taxpayer cannot claim the additional grocery credit for the child per Idaho Code § 63-3024A.

THEREFORE, the Notice of Deficiency Determination dated September 25, 2015, and directed to [Redacted], is APPROVED, AFFIRMED, and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$279	\$10	\$289

Interest is computed through March 1, 2016.

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

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.
