

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

In the Matter of the Protest of	)	
	)	DOCKET NO. 1-474-121-728
[REDACTED],	)	
	)	
Petitioners.	)	DECISION
_____	)	

On August 27, 2015 the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (NODD) to [Redacted] (petitioners) proposing additional tax in the total amount of \$207 for taxable year 2014.

The petitioners filed a timely appeal. They did not request a hearing. The Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

The petitioners filed their 2014 Idaho individual income tax return claiming a dependent exemption deduction for [Redacted]'s son, [Redacted]. As the filing of income tax returns continued, the petitioners' return was identified as one of two income tax returns that claimed a dependent exemption deduction for [Redacted]. The Taxpayer Accounting Section (Taxpayer Accounting) sent the petitioners a letter requesting information to support the dependency exemption claim. The petitioners responded to Taxpayer Accounting's questionnaire stating that [Redacted] was [Redacted] father, that he was not the custodial parent, that he did not provide more than half of [Redacted] support, and that he was unsure of how many days [Redacted] lived with him during the tax year. The petitioners also provided a hand written letter in which they stated that the reason for the protest of the NODD was because [Redacted] mother had broken a verbal agreement in which she agreed that [Redacted] could claim the dependent exemption for [Redacted] for taxable year 2014.

Taxpayer Accounting reviewed the information and ultimately determined the petitioners were not entitled to the dependent exemption for [Redacted]. The dependent exemption was removed and an NODD issued. The petitioners protested the change in tax and their file was transferred for administrative review.

A letter was sent to the petitioners that outlined the options available for redetermining a protested NODD. The petitioners did not respond and have provided nothing more to support their claim of the dependency exemption other than the questionnaire and the appeal letter.

The sole issue is whether Petitioner is entitled to the dependency exemption deduction for [Redacted]. Internal Revenue Code (IRC) section 151(c) allows a taxpayer a deduction of the exemption amount for each dependent as defined in IRC section 152.

IRC section 152(a) defines a dependent as either a “qualifying child” or a “qualifying relative.” A qualifying child is an individual who 1) bears a certain relationship to the taxpayer, 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, 4) has not provided over one-half of the individual’s own support for the taxable year, and 5) has not filed a joint return with the individual’s spouse for the taxable year. *See* IRC section 152(c)(1) through (3).

A qualifying relative is an individual 1) who bears a certain relationship to the taxpayer, 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. *See* IRC 152(d)(1) and (2).

To claim a dependent exemption under IRC § 152(a), taxpayers must show they have either a qualifying child or qualifying relative. In the present case, the petitioners have provided

nothing to show that [Redacted] meets the requirements of either definition of a dependent. Even their response to the questionnaire does not support an entitlement to the deduction. The petitioners' entire argument rests on the verbal agreement, [Redacted] claims to have, with [Redacted] mother. Because the petitioners have failed to establish that [Redacted] was either a qualifying child or qualifying relative for the purpose of IRC § 152, the Commission finds that the petitioners are not entitled to a dependency exemption deduction for taxable year 2014. And since the petitioners are not entitled to the dependency exemption, they cannot claim an additional grocery credit for [Redacted] per Idaho Code § 63-3024A.

THEREFORE, the Notice of Deficiency Determination directed to [Redacted] dated August 27, 2015, is APPROVED and MADE FINAL.

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

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$207	\$9	\$216

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

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2016, 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.

---