

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

In the Matter of the Protest of )  
 )  
 [REDACTED] ) DOCKET NO. 1-200-317-440  
 [REDACTED] )  
 )  
 Petitioner. ) DECISION  
 )  
 \_\_\_\_\_ )

[REDACTED] [REDACTED] (Petitioner) protested the Notice of Refund Determination (Notice) dated March 18, 2024. Petitioner disagreed with the disallowance of the Idaho child tax credits claimed on his 2021 return. The Idaho State Tax Commission (Tax Commission) reviewed the matter and hereby upholds the Notice for the reasons stated below.

**BACKGROUND**

Petitioner filed a resident 2021 Idaho individual income tax return, claiming the Idaho Child Tax Credit for two children. During the processing of Petitioner’s return, it was identified as a return with a potential error. The Revenue Operations Division (Division) reviewed Petitioner’s return and determined Petitioner did not qualify for the Idaho Child Tax Credit. The Division adjusted Petitioner’s return and sent him a Notice.

Petitioner protested stating he was awarded the dependency exemption for his daughter in a Decree for Paternity and Child Support. The Division reviewed the information, acknowledged Petitioner’s protest, and referred the matter to the Tax Commission’s Appeals Unit (Appeals).

Appeals reviewed the matter and sent Petitioner a letter discussing the changes made to his return and explaining Idaho Code relating to the Idaho child tax credit. The letter asked Petitioner to withdraw his protest if he agreed with the explanation or to choose an option for redetermining the Notice if he wanted to continue his appeal. Petitioner did not respond. Seeing that Petitioner

had opportunity to further their position, the Tax Commission decided the matter based on the information available.

## LAW AND ANALYSIS

Deductions are a matter of legislative grace, and taxpayers bear the burden of proving that they are entitled to the deductions claimed. *INDOPCO, Inc. v. Commissioner*, 503 U.S. 79, 84, 112 S. Ct. 1039, 117 L.Ed.2d 226 (1992); *New Colonial Ice Co. v. Helvering*, 292 U.S. 435, 440, 54 S. Ct. 788, 78 L.Ed. 1348 (1934).

Idaho Code section 63-3029L Child Tax Credit states:

1) For taxable years beginning on or after January 1, 2018, and before January 1, 2026, there shall be allowed to a taxpayer a nonrefundable credit against the tax imposed by this chapter in the amount of two hundred five dollars (\$205) with respect to each qualifying child of the taxpayer. For purposes of this section, the term "qualifying child" has the meaning as defined in section 24(c) of the Internal Revenue Code. In no event shall more than one (1) taxpayer be allowed this credit for the same qualifying child. This credit is available only to Idaho residents. Any part-year resident entitled to a credit under this section shall receive a proportional credit reflecting the part of the year in which the part-year resident was domiciled in Idaho.

(2) In the case of divorced parents or parents who do not live together, if the qualifying child is in the custody of one or both of the child's parents for more than one-half of a calendar year, such child is the qualifying child of the custodial parent for the taxable year beginning during such calendar year. However, the child may be the qualifying child of the noncustodial parent if either of the following requirements are met:

(a) A court of competent jurisdiction has unconditionally awarded, in writing, to the noncustodial parent the tax benefits associated with the child pursuant to section 32-706, Idaho Code, and the noncustodial parent attaches a copy of the court order to the noncustodial parent's income tax return for the taxable year; or (b) The custodial parent signs a written declaration that such custodial parent will not claim the credit of this section with respect to such child for any taxable year beginning in such calendar year and the noncustodial parent attaches such written declaration to the noncustodial parent's income tax return for the taxable year beginning during such calendar year.

In the present matter, Petitioner claimed two Idaho Child Tax Credits. However, Petitioner did not identify any qualifying children on his return. Without a qualifying child,

Petitioner may not claim the Idaho Child Tax Credit. Additionally, the court order only awards Petitioner a dependency exemption for his daughter, there is no mention of a second child.

### CONCLUSION

Petitioner filed his Idaho income tax return claiming the Idaho Child Tax Credit for two children on his 2021 Idaho income tax return, but the return does not identify any qualifying children. Petitioner has not substantiated his entitlement to the credits.

THEREFORE, the Notice dated March 18, 2024, and directed to [REDACTED] [REDACTED] is hereby AFFIRMED and MADE FINAL.

Since Petitioner's refund was reduced, no Demand for payment is required.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

IDAHO STATE TAX COMMISSION

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2024,  
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:



Receipt No.

---

---