

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-382-217-728
,)	
)	
Petitioner.)	DECISION
<hr style="width: 45%; margin-left: 0;"/>)	

(Petitioner) protested the Notice of Refund Determination (Notice) dated April 7, 2022. The Notice disallowed the Idaho child tax credit and additional grocery credit Petitioner claimed on her 2020 Idaho return. The Tax Commission reviewed the matter and hereby issues its decision affirming the Notice. This means Petitioner’s refund for tax year 2020 is reduced by \$147.

Background

Petitioner filed her 2020 Idaho income tax return claiming a dependent exemption for her daughter, along with the associated credits. However, another taxpayer also claimed and the credits. The Tax Commission’s processing department sent Petitioner a letter requesting additional information to help determine her entitlement to the dependent exemption and associated credits. Petitioner did not respond; therefore, a Notice was issued removing the exemption and the associated credits.

Petitioner protested the Notice. The processing department acknowledged Petitioner’s protest and forwarded the matter to the Appeals unit for administrative review. Appeals sent Petitioner a letter outlining her options for redetermining a protested Notice, but she did not respond. Therefore, the Tax Commission will decide this matter based on the information presently 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.

Idaho Code section 63-3024A Food Tax Credits and Refunds states, in relevant part:

(1) Any resident individual who is required to file and who has filed an Idaho income tax return shall be allowed a credit against taxes due under the Idaho income tax act for the taxpayer, the taxpayer's spouse, and each dependent, as defined in section 152 of the Internal Revenue Code, claimed on the taxpayer's Idaho income tax return, and awarded by the court under section 32-706 Idaho

Code, if applicable. For tax years 2015 and after, the credit is one hundred dollars (\$100). If taxes due are less than the total credit allowed, the taxpayer shall be paid a refund equal to the balance of the unused credit.

Idaho Code section 32-706, states, in relevant part:

(6) If the court awards one (1) parent the right to claim tax benefits associated with his child or children, the court order need not list every applicable tax benefit. The parent who was awarded the tax benefits for the child or children shall attach a copy of the court order to his income tax return. The state tax commission shall recognize the award of tax benefits with respect to the child or children as applying to the child tax credit under section 63-3029L, Idaho Code, the food tax credit under section 63-3024A, Idaho Code, and any and all other state and federal tax deductions, exemptions, and credits for which the parent qualifies, unless the court order specifies otherwise.

In the present matter, Petitioner states in her protest letter that [redacted] resided with her most of tax year 2020, spending very little time with her dad. Petitioner goes on to say [redacted] dad may have a legal paper, but she has the facts and can provide proof that [redacted] resided with her over half of the year. Petitioner provided no documentation to support her argument and even if [redacted] resided with her most of the year, Petitioner may still not be entitled to the claimed credits.

In 2020, the Idaho Legislature amended Idaho Code sections 32-706, 63-3024A, and 63-3029L and made it clear that if a court order exists, the Tax Commission shall recognize it when awarding the tax benefits associated with a child or children. The “legal paper” Petitioner referred to in her protest letter is a court order wherein Petitioner is the named Plaintiff. The court order addresses the tax benefits for [redacted] stating for 2014 and all subsequent years, Defendant will claim

The Tax Commission, when determining entitlement to the tax benefits associated with a child, must review court orders, and follow their provisions. Based on the language in the court order, Petitioner is not the taxpayer allowed to claim [redacted] as a dependent.

Conclusion

Petitioner filed her 2020 Idaho income tax return claiming the Idaho child tax credit and the Idaho grocery credit for her daughter. Petitioner did not provide any documentation to support her entitlement to the credits. Additionally, the court awarded tax benefits to another taxpayer. Since the Tax Commission is required to follow the provisions as prescribed by the court, Petitioner cannot receive the Idaho child tax credit or the grocery tax credit for Therefore, the Tax Commission upholds the Notice of Refund Determination.

Petitioner’s refund was reduced by the Notice, therefore, no DEMAND for payment is made or necessary.

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

DATED this _____ day of _____ 2022.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2022,
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.
