Boyter v. Commissioner, 74 T. C. 989 (1980)

Foreign divorces obtained by U. S. domiciliaries are not valid for U. S. tax purposes if the foreign court lacked jurisdiction.

Summary

The Boyters, Maryland residents, obtained divorces in Haiti and the Dominican Republic to file taxes as single individuals, intending to remarry shortly after each divorce. The U. S. Tax Court held that these foreign divorces were invalid under Maryland law because neither spouse was domiciled in the foreign countries, thus lacking subject matter jurisdiction. Consequently, the Boyters remained married for tax purposes and could not file as single individuals. This decision underscores that marital status for tax purposes is determined by state law, emphasizing the importance of domicile in the validity of foreign divorce decrees.

Facts

The Boyters, married Maryland residents, obtained a divorce in Haiti in December 1975 and remarried in Maryland in January 1976. They repeated this process in November 1976 with a divorce in the Dominican Republic, remarrying in Maryland in February 1977. Both foreign divorce decrees explicitly stated that the Boyters were domiciled in Maryland. The divorces were sought solely to file income tax returns as single individuals for tax years 1975 and 1976.

Procedural History

The Commissioner of Internal Revenue determined deficiencies in the Boyters' tax returns for 1975 and 1976, asserting they were married and should not have filed as single individuals. The Boyters petitioned the U. S. Tax Court, which consolidated their cases. The Tax Court ruled in favor of the Commissioner, holding that the foreign divorces were invalid under Maryland law due to lack of jurisdiction.

Issue(s)

1. Whether the foreign divorce decrees obtained by the Boyters are valid under Maryland law for the purpose of determining their marital status for Federal income tax purposes.
2. Whether the Boyters' foreign divorces, if valid under Maryland law, should be disregarded for Federal income tax purposes as sham transactions.

Holding

1. No, because the foreign courts lacked subject matter jurisdiction over the divorce proceedings as neither spouse was domiciled in the foreign countries.
2. Not reached, as the court found the foreign divorces invalid under Maryland law.

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Court’s Reasoning

The court applied Maryland law to determine the Boyters’ marital status for tax purposes, following the principle that domestic relations are governed by state law. The court found that Maryland would not recognize the foreign divorces due to the lack of domicile in the foreign countries, which is necessary for a foreign tribunal to have jurisdiction over a divorce. The court rejected the Boyters’ argument that the divorces should be presumed valid until declared otherwise by a Maryland court, emphasizing that the decrees themselves acknowledged the Boyters’ Maryland domicile. The court also distinguished between the validity of a divorce decree under principles of comity and the personal disability of estoppel, noting that even if the Boyters could be estopped from challenging the decrees, it would not validate the decrees under Maryland law.

Practical Implications

This decision clarifies that for tax purposes, the validity of foreign divorces hinges on the domicile of the parties involved. Taxpayers cannot use foreign divorces to manipulate their marital status for tax benefits if they remain domiciled in the U. S. Legal practitioners must ensure clients understand the importance of domicile in divorce proceedings and the potential tax implications of foreign divorces. This ruling may deter individuals from seeking foreign divorces solely for tax purposes and reinforces the principle that state law governs marital status for federal tax purposes. Subsequent cases have cited Boyter in determining the validity of foreign divorces for various legal contexts beyond taxation.

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