Miller v. Commissioner, 114 T. C. 511 (2000)

The government's compelling interest in administering the tax system uniformly can outweigh the burden on religious beliefs when requiring Social Security numbers for claiming dependency exemptions.

Summary

The Millers, due to their religious beliefs, objected to obtaining Social Security numbers (SSNs) for their children, which were required to claim dependency exemptions on their tax return. The Tax Court held that the IRS's requirement for SSNs was the least restrictive means to further the government's compelling interests in uniform tax administration and fraud detection. The court found that the Religious Freedom Restoration Act (RFRA) did not provide a basis for exempting the Millers from this requirement, as the government's interest in efficient tax administration outweighed their religious objections.

Facts

The Millers, John and Faythe, filed their 1996 federal income tax return claiming dependency exemptions for their two minor children without providing their SSNs, citing their religious belief that SSNs were equivalent to the biblical 'mark of the Beast'. They offered to use Individual Taxpayer Identification Numbers (ITINs) instead, but the IRS rejected this as the children were eligible for SSNs. The IRS determined a deficiency in the Millers' tax due to the lack of SSNs for the claimed exemptions.

Procedural History

The Millers petitioned the U. S. Tax Court to redetermine the IRS's deficiency determination. The case was submitted fully stipulated, with the sole issue being whether the SSN requirement for dependency exemptions violated their right to free exercise of religion. The Tax Court ultimately ruled in favor of the Commissioner, denying the Millers' claim for an exemption from the SSN requirement.

Issue(s)

1. Whether requiring the Millers to provide SSNs for their children as a condition of claiming dependency exemptions substantially burdens their free exercise of religion.
2. Whether the government's interest in enforcing the SSN requirement for dependency exemptions is a compelling interest that justifies any burden on the Millers' religious exercise.
3. Whether the SSN requirement is the least restrictive means of achieving the government's compelling interest.

Holding

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1. No, because even if the SSN requirement imposed a burden, the government's compelling interest in uniform tax administration and fraud detection outweighed it.
2. Yes, because the government has a compelling interest in effectively tracking claimed dependency exemptions and administering the tax system uniformly.
3. Yes, because the SSN requirement is the least restrictive means of achieving these compelling interests, and issuing ITINs would be less effective in detecting fraud.

Court's Reasoning

The Tax Court applied the Religious Freedom Restoration Act (RFRA), which requires the government to demonstrate that any substantial burden on religious exercise is the least restrictive means of furthering a compelling government interest. The court found that the government had compelling interests in tracking dependency exemptions to detect fraud and in uniform tax administration. SSNs enable cross-matching to identify duplicate claims and ensure the claimed dependents exist. The court rejected the Millers' argument that ITINs could be used instead, noting that ITINs would be less effective for fraud detection. The court also noted that the IRS practice of waiving the SSN requirement for those exempt from Social Security taxes under section 1402(g) did not establish that a broader exemption was feasible or necessary. The court concluded that the balance struck by the IRS in requiring SSNs was not constitutionally impermissible.

Practical Implications

This decision affirms that the IRS can require SSNs for dependency exemptions without accommodating religious objections, emphasizing the government's need for efficient tax administration. Tax practitioners should advise clients that religious objections to SSNs are unlikely to exempt them from this requirement. The ruling also suggests that the IRS is unlikely to expand exemptions to the SSN requirement beyond those currently provided by statute. This case may influence how other government agencies balance religious freedom against administrative needs in similar contexts. Later cases may reference Miller when assessing the constitutionality of identification requirements in public programs.

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