Swint v. Commissioner, 142 T. C. 6 (2014)

In Swint v. Commissioner, the U. S. Tax Court ruled that a noncustodial parent cannot claim a dependency exemption deduction or child tax credit without an unconditional, signed written declaration from the custodial parent, even if a prior court order existed. This decision reinforces the strict requirements of Section 152(e) of the Internal Revenue Code, impacting how noncustodial parents can claim such tax benefits and emphasizing the necessity of a formal, signed waiver from the custodial parent.

Parties

Lisa Beamon Swint (Petitioner) was the taxpayer who filed a joint Federal income tax return with her deceased husband, Tommy L. Swint, for the taxable year 2009. The Commissioner of Internal Revenue (Respondent) disallowed the dependency exemption deduction and child tax credit claimed for the minor child of Tommy L. Swint and Tonia Dawn Wilson (TDW).

Facts

Before marrying Lisa Beamon Swint, Tommy L. Swint had a child with Tonia Dawn Wilson in 1997. In 1998, an agreed entry was filed in the Common Pleas Court of Montgomery County, Ohio, Juvenile Division, stipulating that Tommy L. Swint could claim the child as a dependent for tax purposes if he remained current on his child support obligations. This agreed entry was not signed by either Tommy L. Swint or Tonia Dawn Wilson. For the taxable year 2009, Lisa Beamon Swint and Tommy L. Swint filed a joint Federal income tax return claiming a dependency exemption deduction and a child tax credit for the minor child, who did not live with them during that year.

Procedural History

The Commissioner issued a notice of deficiency to Lisa Beamon Swint on February 6, 2012, disallowing the dependency exemption deduction and the child tax credit for the minor child. Lisa Beamon Swint timely filed a petition with the U. S. Tax Court disputing the determinations in the notice of deficiency. The standard of review applied was de novo, as the Tax Court reviewed the legal issues and facts independently.

Issue(s)

Whether a noncustodial parent may claim a dependency exemption deduction and a child tax credit under Section 152(e) of the Internal Revenue Code based on an agreed entry filed by a state court in 1998, which was not signed by the custodial parent and conditioned the deduction on the noncustodial parent’s compliance with child support obligations?

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Rule(s) of Law

Section 152(e) of the Internal Revenue Code provides that a noncustodial parent may claim a child as a dependent if the custodial parent signs a written declaration that they will not claim the child as a dependent for the taxable year. The declaration must be unconditional and conform to the substance of Form 8332. Section 1. 152-4(e)(1)(ii) of the Income Tax Regulations states that for taxable years starting after July 2, 2008, a court order or decree cannot serve as a written declaration. However, Section 1. 152-4(e)(5) of the Income Tax Regulations provides a transition rule, allowing a court order or decree executed before July 2, 2008, to be treated as a written declaration if it met the requirements in effect at the time of execution.

Holding

The U. S. Tax Court held that Lisa Beamon Swint was not entitled to a dependency exemption deduction or a child tax credit for the minor child for the taxable year 2009. The court found that the agreed entry did not satisfy the requirements for a written declaration under Section 152(e) because it was not signed by the custodial parent and was conditional upon the noncustodial parent's compliance with child support obligations.

Reasoning

The court's reasoning was based on the strict interpretation of Section 152(e) and the corresponding regulations. The court emphasized the importance of the custodial parent's signature on the written declaration, citing previous cases like Miller v. Commissioner, which held that the signature requirement is critical to the successful release of the dependency exemption. The court also addressed the requirement for the declaration to be unconditional, noting that the agreed entry's conditionality on child support payments did not comply with Section 152(e)(2)(A), which requires an unconditional declaration that the custodial parent "will not claim" the child as a dependent. The court rejected the argument that the transition rule under Section 1. 152-4(e)(5) of the Income Tax Regulations could override these requirements, as the transition rule does not eliminate any requirements that were in place before July 2, 2008. The court also considered the legislative history of Section 152(e), which aimed to simplify the determination of which parent could claim the deduction by removing the need for evidentiary disputes over support payments.

Disposition

The U. S. Tax Court entered a decision for the respondent, disallowing the dependency exemption deduction and child tax credit claimed by Lisa Beamon Swint for the taxable year 2009.

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Significance/Impact

Swint v. Commissioner reinforces the strict requirements for noncustodial parents to claim dependency exemptions and child tax credits under Section 152(e) of the Internal Revenue Code. The decision clarifies that even with a prior court order, the custodial parent's signature and an unconditional declaration are essential for the noncustodial parent to claim these tax benefits. This ruling has significant implications for family law and tax practice, emphasizing the need for formal, signed waivers from custodial parents and highlighting the limitations of court orders in tax matters. Subsequent cases and IRS guidance have continued to uphold these requirements, affecting how noncustodial parents navigate tax benefits related to their children.

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