



COMMONWEALTH OF VIRGINIA  
Department of Taxation  
Richmond, Virginia 23219

MEMORANDUM

TO: Ronald L. Holt, Supervisor  
Technical Services Section

DATE: August 20, 1987

SUBJECT: Personal Exemptions / Dependent Children

In your memorandum dated July 14, 1987, you request guidance in the revision of the 1987 individual income tax forms and instructions with respect to personal exemptions. You are concerned that as a result of the federal Tax Reform Act of 1986, individuals claimed as a dependent of another taxpayer, will not be allowed a personal exemption for themselves on their Virginia return.

It is my understanding that this issue has already been resolved and that the forms and instructions have been finalized. However, based upon your memorandum, it appears that there is some confusion in this area. I hope that the following explanation will clear-up any remaining confusion.

Virginia Code § 58.1-321 D.2.a. allows a Virginia personal exemption for each personal exemption allowable for federal income tax purposes. You state in your memorandum that "Section 151 (d) (2), IRC, denies the exemption when an individual may be claimed as a dependent on another's return." Your statement is not correct. Under IRC § 151 (b) each taxpayer is allowed "An exemption of the exemption amount for the taxpayer." IRC § 151 (d) (2) provides that the exemption amount in the case of certain dependents will be zero. Therefore, these certain individuals are allowed their own personal exemption, however, the amount that they are allowed to deduct for it is zero.

Based upon the above, these individuals would be allowed a federal personal exemption, thus a Virginia personal exemption; therefore, the revised 1987 Instructions are correct.

*Danny M. Payne*

Danny M. Payne, Director  
Tax Policy Division