

UNITED STATES TAX COURT  
WASHINGTON, DC 20217

TANISHA LAQUEL SAUNDERS,	)	
	)	
Petitioner,	)	
	)	
v.	)	Docket No. 2805-18S
	)	
COMMISSIONER OF INTERNAL REVENUE,	)	
	)	
Respondent.	)	

**ORDER**

Pursuant to Rule 152(b), Tax Court Rules of Practice and Procedure, it is

ORDERED that the Clerk of the Court shall transmit herewith to petitioner and to respondent a copy of the pages of the transcript of the trial in the above case before Chief Special Trial Judge Lewis R. Carluzzo at Los Angeles, California, containing his oral findings of fact and opinion rendered at the trial session at which the case was heard.

In accordance with the oral findings of fact and opinion, decision will be entered for respondent.

**(Signed) Lewis R. Carluzzo**  
**Special Trial Judge**

Dated: Washington, D.C.  
February 19, 2019

**SERVED Feb 21 2019**

1 Bench Opinion by Special Trial Judge Lewis R. Carluzzo  
2 January 16, 2019  
3 Tanisha Laquel Saunders v. Commissioner of Internal  
4 Revenue  
5 Docket No. 2805-18S

6 THE COURT: The Court has decided to render oral  
7 findings of fact and opinion in this case and the  
8 following represents the Court's oral findings of fact and  
9 opinion (bench opinion). Unless otherwise noted, section  
10 references made in this bench opinion are to the Internal  
11 Revenue Code of 1986, as amended, in effect for the  
12 relevant period, and Rule references are to the Tax Court  
13 Rules of Practice and Procedure. This bench opinion is  
14 made pursuant to the authority granted by section 7459(b)  
15 and Rule 152.

16 This case for the redetermination of a  
17 deficiency is a small tax case subject to the provisions  
18 of section 7463 and Rules 170 through 174. Except as  
19 provided in Rule 152(c), this bench opinion shall not be  
20 cited as authority, and pursuant to section 7463(b) the  
21 decision entered in this case shall not be treated as  
22 precedent for any other case.

23 Tanisha Laquel Saunders, appeared on her own  
24 behalf. Ping Chang appeared on behalf of respondent.

25 In a notice of deficiency dated November 6,

1 2017, respondent determined a deficiency in petitioner's  
2 2015 Federal income tax. The deficiency results entirely  
3 from respondent's disallowance of the refundable and non-  
4 refundable portions of a section 25A education credit  
5 claimed on petitioner's 2015 Federal income tax return.  
6 The issue for decision is whether petitioner is entitled  
7 to that credit.

8 The relevant facts in this matter, many of which  
9 have been stipulated or are not in dispute, are easily  
10 summarized.

11 In addition to being employed in various ways  
12 during 2015 petitioner was also what would be considered a  
13 "full-time" student at Los Angeles Pierce College, an  
14 eligible educational institution within the meaning of  
15 section 25A(f)(2). Her tuition for that year totaled  
16 \$1,656. It cannot be determined with any degree of  
17 precision exactly how much petitioner incurred for books,  
18 materials, supplies, fees and other expenses related to  
19 her education during 2015, but the total amount of  
20 petitioner's "qualified tuition and related expenses"  
21 within the meaning of section 25A(f)(1) was less than the  
22 \$5,752.50 Pell Grant that petitioner received that year.  
23 She used much of the Pell Grant to pay her tuition and  
24 related educational expenses; she used what was left over  
25 to pay personal and living expenses.

1           As respondent's pretrial memorandum notes,  
2 section 25A allows education credits for qualified tuition  
3 and related expenses. We note that those credits are  
4 subject to a variety of conditions and limitations, only  
5 one of which we need to concern ourselves with here.

6           Unless a taxpayer elects otherwise, the proceeds  
7 of a Pell Grant used to pay qualified expenses and related  
8 educational expenses are excludable from the taxpayer's  
9 income. The excludable portion reduces the amount of  
10 qualified tuition and educational expenses taken into  
11 account in the computation of the educational credit. See  
12 sec. 25A(g)(2)(C); sec. 1.25A-5(c) Income Tax Regs.

13           Nothing in the record suggests that pursuant to  
14 an election made by petitioner any portion of the Pell  
15 Grant is included in the income reported on her 2015  
16 Federal income tax return; nor are we concerned about the  
17 lack of evidence on the point. In this case, the portion  
18 of the Pell Grant used to pay petitioner's qualifying  
19 tuition and related expenses, although not determinable  
20 with mathematical precision, has obviously been excluded  
21 from her 2015 income. The amount excluded is sufficient  
22 to reduce to zero both the amounts of her qualifying  
23 tuition and related expenses and any otherwise allowable  
24 derivative section 25A credit.

25           At trial petitioner, more or less, acknowledged

1 the impact of the Pell Grant on her entitlement to a  
2 section 25A credit for 2015. She offers no technical  
3 argument in opposition to respondent's disallowance of the  
4 credit. Instead, she points to her severe financial  
5 situation during the relevant time and requests that the  
6 hardships she was enduring might operate to allow a result  
7 other than what the direct application of the relevant  
8 statutory scheme demands. We sympathize with petitioner's  
9 financial plight but point out that the statute in some  
10 ways does take into account the financial situation of a  
11 taxpayer otherwise eligible for the credit by the income  
12 limitations it sets. See sec. 25A(d). But once a  
13 taxpayer's income falls within the specified range, as  
14 petitioner's did during the year in issue, the statute  
15 allows for no further provisions that allow a taxpayer's  
16 financial situation to be taken into account, and the  
17 Court is bound to apply the law as enacted by the  
18 Congress.

19 We congratulate and commend petitioner on  
20 pursuing her formal education, but her reward for doing so  
21 will have to be other than a reduction in her 2015 Federal  
22 income tax.

23 It follows that respondent's disallowance of the  
24 section 25A education credit is sustained.

25 To reflect the foregoing, decision will be

1 entered for respondent. This concludes the Court's bench  
2 opinion in this case.

3 (Whereupon, at 1:47 p.m., the above-entitled  
4 matter was concluded.)

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