1 T.C. 905 (1943)

A contribution to a foreign religious organization is not deductible under Section 23(o) of the Revenue Act of 1938, even if the foreign organization is a branch of a domestic religious organization.

Summary

Dora Welti, a Swiss citizen residing in Boston, sought to deduct a contribution made to the First Church of Christ, Scientist, Berne (Switzerland), a Swiss corporation and a branch of The First Church of Christ, Scientist, in Boston (The Mother Church). The Tax Court disallowed the deduction. The court reasoned that Section 23(o) of the Revenue Act of 1938 explicitly requires contributions to be made to a *domestic* corporation to be deductible. The court rejected the argument that the Swiss branch should be treated as part of the domestic Mother Church, emphasizing the separate legal existence of each entity. This decision highlights the importance of adhering to the strict requirements for tax deductions.

Facts

Welti, a citizen of Switzerland residing in Boston, made a contribution of $2,342.19 to the First Church of Christ, Scientist, Berne (Switzerland) in 1938. The Berne church is a corporation organized under Swiss law. Welti was a member of both the Berne church and The First Church of Christ, Scientist, in Boston, Massachusetts (The Mother Church), which is a Massachusetts corporation. The Berne church operated as a branch of The Mother Church. Welti claimed the contribution as a deduction on her 1938 U.S. income tax return.

Procedural History

The Commissioner of Internal Revenue disallowed the deduction. Welti then petitioned the Tax Court for a redetermination of the deficiency. The case was submitted to the Tax Court based on stipulated facts and attached exhibits.

Issue(s)

Whether a contribution to a foreign religious organization, specifically the First Church of Christ, Scientist, Berne (Switzerland), is deductible under Section 23(o) of the Revenue Act of 1938, when that organization is a branch of a domestic religious organization (The Mother Church).

Holding

No, because Section 23(o) of the Revenue Act of 1938 explicitly requires the contribution to be made to a *domestic* corporation organized and operated exclusively for religious purposes to be deductible. The Swiss church is a foreign corporation, and the statute makes no provision for deducting contributions to

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foreign entities, regardless of their affiliation with domestic entities.

Court’s Reasoning

The Tax Court emphasized the plain language of Section 23(o) of the Revenue Act of 1938, which allows deductions only for contributions to

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