***Hein v. Commissioner*, 28 T.C. 834 (1957)**

A taxpayer can qualify as head of household even when a dependent is confined to a long-term care facility due to illness, provided the taxpayer maintains the household as the dependent's principal place of abode and the absence is considered temporary due to special circumstances like illness.

Summary

Walter Hein, an unmarried taxpayer, claimed head of household status for the 1952 tax year due to maintaining a household for his sister Emilie, who was institutionalized for chronic schizophrenia. The IRS denied this status, arguing Emilie's institutionalization was not a temporary absence. The Tax Court reversed, holding that 'temporary absence' for head of household purposes includes long-term institutionalization due to illness when the taxpayer continues to maintain the household as the dependent's principal place of abode and anticipates her eventual return, regardless of the uncertainty of that return. The court emphasized the intent of the head of household provision to provide tax relief to unmarried individuals maintaining homes for dependents.

Facts

Walter Hein, an unmarried man, maintained a household in St. Louis for approximately 30 years, sharing it with three sisters. His sister, Emilie, had lived with them until 1946 when she was institutionalized for acute schizophrenia. Throughout 1952, Emilie remained in mental institutions, and Mr. Hein paid over half the cost of maintaining the household. Emilie had no income and was considered Mr. Hein's dependent for tax purposes. Despite her institutionalization, Mr. Hein continued to consider his home her residence and hoped for her eventual return, although medical opinions suggested her recovery was unlikely.

Procedural History

The Internal Revenue Service (IRS) determined a deficiency in Mr. Hein's 1952 income tax, disallowing his claim for head of household status. Mr. Hein contested this determination by petitioning the Tax Court of the United States. The Tax Court reviewed the case based on a stipulated set of facts and accompanying exhibits.

Issue(s)

1. Whether Mr. Hein, an unmarried taxpayer, qualified as 'head of a household' under Section 12(c) of the Internal Revenue Code of 1939 for the taxable year 1952, given that his dependent sister, for whom he maintained a household, was confined to a mental institution throughout the year.

2. Whether Emilie's confinement in a mental institution constituted a 'temporary absence due to special circumstances' within the meaning of Section 12(c), such

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that Mr. Hein's household could still be considered her 'principal place of abode'.

Holding

1. Yes, Mr. Hein qualified as head of household.

2. Yes, Emilie's confinement was considered a 'temporary absence' because the household remained her principal place of abode and her absence was due to illness, a 'special circumstance'.

Court's Reasoning

The Tax Court interpreted Section 12(c) of the 1939 Code, focusing on the legislative intent to provide tax relief to unmarried individuals maintaining households for dependents, similar to the income-splitting benefits afforded to married couples. The court reasoned that 'temporary absence' should be construed in light of this purpose and not narrowly limited to brief absences. Referencing committee reports and Treasury Regulations, the court noted that 'temporary absences' include those due to illness and education, intended to cover situations where a dependent's ties to the household are not permanently severed. The court stated, "*the true test is not whether the return may be prevented by an act of God, but rather whether there are indications that a new permanent habitation has been chosen.*" It found that Emilie's institutionalization, despite its indefinite duration, was due to illness, a 'special circumstance,' and that neither Emilie nor Mr. Hein intended to establish a new principal place of abode for her. The court concluded that Mr. Hein maintained the household as Emilie's principal place of abode, anticipating her return should her condition improve, thus satisfying the requirements for head of household status.

Practical Implications

Hein v. Commissioner provides important clarification on the 'temporary absence' exception for head of household status, particularly in cases involving long-term institutionalization of dependents due to illness. It establishes that 'temporary' is not strictly limited by time and can encompass extended periods, as long as the taxpayer maintains the household as the dependent's principal place of abode and the absence is due to specific circumstances like health. This decision is practically relevant for taxpayers supporting dependents in nursing homes, mental institutions, or similar long-term care facilities. It emphasizes the importance of demonstrating intent to maintain the household as the dependent's home and the absence being necessitated by special circumstances, rather than focusing solely on the prognosis or duration of the dependent's condition. Later cases applying *Hein* would likely focus on the facts and circumstances to determine if the absence truly remains 'temporary' in the context of the ongoing maintenance of the household as a principal place of abode.

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