Bilder v. Commissioner, 33 T.C. 156 (1959)

Expenses for medical care, including travel and lodging, are deductible if incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease, and are essential to medical care as determined by a physician.

Summary

The case concerns a taxpayer with a history of heart attacks who, on his doctor's advice, spent winters in Florida to mitigate his condition. The court addressed whether the costs of lodging in Florida and transportation to and from Florida were deductible as medical expenses under the Internal Revenue Code. The Tax Court held that the taxpayer could deduct the expenses for lodging and transportation, but not the portion of the lodging expenses related to his family's housing. The decision hinged on the medical necessity of the expenditures and their direct relation to the taxpayer's treatment and care.

Facts

Robert M. Bilder, the taxpayer, suffered from atherosclerosis and had experienced four heart attacks. He was advised by his physician to spend the winter months in a warm climate to prevent further myocardial infarctions. Following this advice, Bilder and his family spent the winters of 1954 and 1955 in Fort Lauderdale, Florida. While there, Bilder lived in a rented apartment. The taxpayer chose the location in part because it was near a doctor and hospital competent to supervise his use of anticoagulant drugs. Bilder sought to deduct the costs of the Florida apartment rental and his transportation expenses between his home in New Jersey and Florida as medical expenses.

Procedural History

The Commissioner of Internal Revenue disallowed the deductions for the apartment rental and transportation expenses claimed by Bilder on his income tax returns for 1954 and 1955. The Tax Court heard the case and considered whether these expenses constituted deductible medical expenses under the Internal Revenue Code.

Issue(s)

1. Whether rental payments for a Florida apartment are deductible as a medical expense under Section 213 of the Internal Revenue Code of 1954.

2. Whether transportation expenses to Florida are deductible as a medical expense under Section 213 of the Internal Revenue Code of 1954.

Holding

1. Yes, because the taxpayer's housing expenses were incurred for medical care and

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treatment.

2. Yes, because the transportation expenses were essential to the medical care the taxpayer was receiving.

Court's Reasoning

The court applied the criteria established in earlier cases such as *Edward A. Havey, 12 T.C. 409*, to determine the deductibility of the expenses. These included:

- The purpose of the taxpayer in making the expenditures.
- Whether the expenditure would have been made but for the advice of a physician.
- Whether the expenditure had a direct relationship to the treatment of a specific disease.
- Whether the treatment was reasonably designed to effect the diagnosis, cure, mitigation, or prevention of a specific disease.

The court found that Bilder's expenses were directly related to his medical care, and were incurred on the advice of his doctor for a specific medical purpose (mitigating the effects of his heart condition and preventing further heart attacks). The court stated, "We have found as a fact the factors which must control our ultimate decision of this case." The court emphasized that the travel and lodging were not for vacation but were a medical necessity. Although, the Court determined only the portion of the rentals that were the medical expense of Mr. Bilder were deductible because the family's portion were nondeductible personal expenses.

Practical Implications

The case provides a framework for determining what expenses qualify as deductible medical expenses. The decision highlights the importance of the physician's advice in establishing the medical necessity of an expense. Legal practitioners should consider these factors when advising clients on medical expense deductions. This case is helpful in distinguishing between expenses that are primarily for medical care and those that are personal in nature. Lawyers and clients may also use this case when arguing for deduction of travel and lodging expenses for medical purposes when it is directly connected to patient care, and not just personal preference. The direct relationship between the expense and the medical condition and treatment is a key factor in establishing deductibility.

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