***Carasso v. Commissioner*, 34 T.C. 1139 (1960)**

Transportation expenses for travel primarily for and essential to medical care are deductible medical expenses, but ordinary living expenses like meals and lodging during such trips are not, based on the interpretation of Section 213(e)(1) of the 1954 Tax Code and its legislative history.

Summary

Max Carasso sought to deduct expenses for a trip to Bermuda for convalescence after serious surgery. The Tax Court held that transportation costs for the taxpayer and his wife (whose assistance was essential) were deductible medical expenses. However, the court disallowed the deduction for meals and lodging, citing the legislative history of the 1954 Tax Code, which clarified that while transportation to seek medical care is deductible, ordinary living expenses incurred during such medical travel are not. This case clarifies the distinction between deductible transportation costs and non-deductible living expenses within the context of medical travel and convalescence, and emphasizes the importance of legislative history in statutory interpretation.

Facts

1. Max Carasso underwent two serious operations in February 1956 and was hospitalized.
2. Upon discharge, he remained weak and, on his doctor’s recommendation, flew to Bermuda with his wife for 9 days for convalescence.
3. The trip was solely for medical reasons, not a vacation. His wife’s presence was essential for his care, providing services akin to a nurse.
4. Carasso claimed medical expense deductions including $493.50 for the Bermuda trip, covering hotel, airfare, meals, and exit tax.
5. The Commissioner disallowed $628.50 of the claimed medical expenses, including the Bermuda trip costs.

Procedural History

1. The Commissioner of Internal Revenue determined a deficiency in petitioners’ income tax for 1956.
2. Carasso petitioned the Tax Court to contest the disallowance of medical expenses.
3. The Tax Court initially filed findings and an opinion, which were later withdrawn for reconsideration.
4. The Tax Court then issued the opinion in question, holding some but not all of the Bermuda trip expenses deductible.

Issue(s)

1. Whether transportation expenses for a trip to Bermuda, undertaken solely for

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medical convalescence, are deductible as medical expenses under Section 213 of the 1954 Internal Revenue Code.
2. Whether expenses for meals and lodging incurred during a medical convalescence trip are deductible as medical expenses under Section 213 of the 1954 Internal Revenue Code.
3. Whether the court should consider legislative history when interpreting Section 213(e)(1) of the 1954 Code regarding deductible medical expenses.
4. Whether other medical expenses disallowed by the Commissioner were properly substantiated by the petitioner.

Holding

1. Yes, in part. Transportation expenses (airfare and exit tax) for the Bermuda trip for both Carasso and his wife are deductible because the trip was primarily for and essential to medical care.
2. No. Expenses for meals and hotel in Bermuda are not deductible because the 1954 Code and its legislative history explicitly exclude ordinary living expenses from deductible medical expenses, even when incurred during medical travel.
3. Yes. The court can and should consider legislative history to understand the purpose and meaning of statutory language, even if the language appears clear on its face. The court explicitly disapproved of the *Bilder* case to the extent it failed to consider legislative history.
4. Yes. The remaining disallowed medical expenses were substantiated by the petitioner, despite some informality in his presentation, due to his credible testimony and non-lawyer status.

Court’s Reasoning

- **Transportation Deduction:** The court found the Bermuda trip was solely for medical reasons, not a vacation. Carasso’s weakened condition necessitated the trip and his wife’s assistance was essential. Thus, transportation costs were directly related to medical care as defined in Section 213(e)(1)(B) of the 1954 Code.
- **Meals and Lodging Disallowance:** The court relied heavily on the legislative history of the 1954 Code, specifically House and Senate committee reports. These reports explicitly state that while transportation expenses for medical care are deductible, “ordinary living expenses incurred during such a trip” and “meals and lodging while away from home receiving medical treatment” are not. The court quoted the House Ways and Means Committee report: “A new definition of ‘medical expenses’ is provided which incorporates regulations under present law and also provides for the deduction of transportation expenses for travel prescribed for health, *but not the ordinary living expenses incurred during such a trip*.”
- **Legislative History:** The court addressed the petitioner’s argument against using legislative history, stating that modern statutory interpretation allows courts to consider any reliable evidence of legislative purpose, regardless of

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the apparent clarity of the statutory language. Quoting *United States v. American Trucking Assns., Inc.*, the court emphasized that "When aid to construction of the meaning of words, as used in the statute, is available, there certainly can be no 'rule of law' which forbids its use, however clear the words may appear on 'superficial examination.'" The court explicitly disapproved of the *Robert M. Bilder* decision to the extent it did not consider legislative history.

- **Substantiation:** The court found Carasso's testimony credible and, considering he was representing himself, accepted his substantiation of the remaining medical expenses. The court noted the unfair burden placed on the petitioner by the Commissioner's vague disallowance.
- **Dissent (Withey, J.):** Argued that legislative history should only be consulted when statutory language is unclear. He believed Section 213(e)(1)(B) was clear in only addressing transportation and did not amend the general deductibility of meals and lodging under Section 213(e)(1)(A) when proximately related to medical treatment.
- **Dissent (Pierce, J.):** Argued the majority failed to adequately consider Section 213(e)(1)(A), which defines medical care more broadly, and focused too narrowly on transportation under (B). He believed convalescence expenses should be deductible under (A) and cited regulations and cases supporting the deductibility of board and room in convalescent settings. He also pointed to inconsistencies in allowing the wife's transportation but not her board, given her quasi-nurse role.

Practical Implications

- **Limits on Medical Travel Deductions:** This case reinforces that while transportation to receive medical care is deductible, taxpayers cannot deduct ordinary living expenses like meals and lodging, even when traveling for medical reasons. This distinction is crucial for tax planning in medical travel scenarios.
- **Importance of Legislative History:** *Carasso* is significant for its strong stance on the use of legislative history in statutory interpretation, even when statutory language appears unambiguous. It signals to legal professionals that understanding legislative intent is vital for accurate statutory interpretation, particularly in tax law.
- **Convalescence Expenses:** While not allowing meals and lodging in this specific convalescence trip, the case acknowledges that under different circumstances, such expenses might be deductible, leaving room for future litigation on what constitutes deductible medical care beyond mere transportation. The dissenting opinions highlight ongoing ambiguities regarding convalescence expenses.
- **Substantiation Standard for Pro Se Taxpayers:** The court showed leniency towards the pro se taxpayer regarding substantiation, indicating a more forgiving approach may be taken when taxpayers represent themselves,

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particularly when their testimony is credible.

- **Impact on Subsequent Cases:** This case has been cited in subsequent tax cases concerning medical expense deductions, particularly regarding the interpretation of “transportation” and the exclusion of “ordinary living expenses.” It remains a key reference point for understanding the limitations on medical travel deductions under Section 213.

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