***Estate of Carroll v. Commissioner*, 38 T.C. 868 (1962)**

Expenditures for the repair and refurbishment of a church, even when the church is located on privately owned land, are deductible as charitable contributions if the expenditures are made for the use of a qualifying religious organization and serve a public religious purpose.

Summary

The Tax Court held that a decedent's expenses for repairing and renovating a chapel on his ancestral estate were deductible as charitable contributions. The chapel, St. Mary's Chapel, had been used exclusively as a Roman Catholic parish church for over 240 years, serving the local community. Despite the decedent retaining ownership of the property, the court reasoned that the expenditures were for the benefit of the church and its public religious function, thus qualifying as charitable contributions under sections 23(o)(2) of the 1939 Code and 170(c) of the 1954 Code.

Facts

Philip A. Carroll owned Doughoregan Manor in Maryland, an ancestral estate. Located on the estate was St. Mary's Chapel, built around 1720 by Carroll's ancestor and used as a Roman Catholic place of worship for the family, employees, tenants, and neighbors. For over 240 years, the chapel functioned as a parish church, a "public oratory" under Canon Law, for the Roman Catholic Archdiocese of Baltimore. The chapel was open to the public, with regular masses, baptisms, marriages, and funerals. Carroll paid for all operational expenses, while the Archdiocese provided the priest and religious objects. In 1953 and 1954, the chapel deteriorated, requiring repairs to the altar, windows, heating, and electrical systems. Carroll paid for these repairs, totaling $12,470.46 in 1953 and $2,832.53 in 1954.

Procedural History

The Commissioner of Internal Revenue disallowed Carroll's claimed charitable deductions for the chapel repair expenses. The Estate of Philip A. Carroll petitioned the Tax Court to contest the deficiency determination.

Issue(s)

1. Whether expenditures made by the decedent for repairing and refurbishing a chapel on his privately owned estate, used exclusively as a public parish church, are deductible as charitable contributions to the Roman Catholic Church under section 23(o)(2) of the 1939 Code and section 170(c) of the 1954 Code.

Holding

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1. Yes, because the expenditures were intended for and used exclusively for the benefit of the Roman Catholic Church in its operation of St. Mary's Chapel as a public parish church, thus qualifying as charitable contributions despite the decedent's ownership of the property.

Court's Reasoning

The Tax Court emphasized that the statutory provisions for charitable deductions focus on the character of the donee and the nature of the charitable activities, not solely on property ownership. The court noted that sections 23(o) of the 1939 Code and 170(c) of the 1954 Code allow deductions for contributions "to or for the use of" qualified charitable organizations for religious or charitable purposes. The court cited precedent that tax provisions for charities should not be narrowly construed, quoting *Estate of J. B. Whitehead* that such provisions are "begotten from motives of public policy and are not to be narrowly construed." The court found that the expenditures were unequivocally "for the use of" the Roman Catholic Church. The chapel served as a public parish church for over 240 years, and the repairs were necessary to maintain its function as a place of worship for the community. The court highlighted testimony that the repairs were "just repairs, nothing was added" and that the church itself would have undertaken the repairs if the Carroll family had not. The court concluded, "Based on our examination of all the evidence, we here find as a fact and hold that the expenditures involved…actually were intended to be made, and were made, for the exclusive use of the Roman Catholic Church, so as to enable St. Mary's Chapel to continue to function…as a public parish church of that faith." The court determined that the repairs did not benefit Carroll personally or increase the estate's value but served the public religious purpose of the church.

Practical Implications

This case clarifies that charitable contributions are not strictly limited to donations of property title. Expenditures that facilitate a charity's public function can qualify as deductible contributions, even if they involve improvements to property owned by the donor, provided the primary benefit is to the charitable organization and its mission. For legal practitioners, this case supports the deductibility of expenses incurred to maintain or improve facilities used by charities, even without transferring property rights. It emphasizes examining the purpose and beneficiary of the expenditure, rather than just ownership. Later cases may cite *Estate of Carroll* to argue for the deductibility of similar "for the use of" charitable contributions, especially when maintaining facilities essential for a charity's public service.

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