Grunwald v. Commissioner, 51 T. C. 108 (1968)

Tuition at a regular private school, even for a handicapped student, is not deductible as a medical expense under Section 213 of the Internal Revenue Code unless the school provides primarily medical care.

Summary

The Grunwalds sought to deduct tuition paid for their blind son at Morgan Park Academy as a medical expense under Section 213. The U. S. Tax Court held that the tuition was not deductible because the primary purpose of the school was educational, not medical. The court emphasized that for tuition to be deductible, the school must be a 'special school' focused on mitigating the student's handicap, and the services received must be primarily medical in nature. This decision clarifies the distinction between educational and medical expenses for tax purposes, impacting how parents of handicapped children can claim deductions.

Facts

Arnold and Grete Grunwald sought to deduct $833. 64 of tuition paid in 1964 for their blind son, Peter, at Morgan Park Academy, a private college-preparatory school. Peter lost his sight in infancy and was initially educated in a public school's program for the blind. Seeking a more integrated educational environment, the Grunwalds enrolled Peter at Morgan Park, where he was the only blind student. The school made minor adjustments to accommodate Peter, but no medical professionals were on staff, and the tuition did not include costs for special services related to his blindness.

Procedural History

The Commissioner of Internal Revenue disallowed the deduction, leading the Grunwalds to petition the U. S. Tax Court. The court's decision focused solely on whether the tuition qualified as a deductible medical expense under Section 213 of the Internal Revenue Code.

Issue(s)

1. Whether tuition paid for a blind student at a regular private school qualifies as a deductible medical expense under Section 213 of the Internal Revenue Code.

Holding

1. No, because the tuition at Morgan Park Academy was for educational services, not medical care, and the school did not qualify as a 'special school' focused on mitigating Peter's handicap.

Court's Reasoning

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The court applied Section 213 of the Internal Revenue Code and its regulations, which define ‘medical care’ and specify conditions under which tuition can be deductible. The court found that Morgan Park Academy was not a ‘special school’ as defined by the regulations, as its primary focus was education, not the mitigation of blindness. The court also examined the broader provisions allowing for individual analysis but determined that the services Peter received were educational, not medical. The court emphasized that the tuition did not include any costs for special services designed to alleviate Peter’s blindness, and the primary reason for enrolling him was to provide a challenging educational environment. The court cited cases like C. Fink Fischer and H. Grant Atkinson to support its decision that the expenses were personal and not medical in nature.

Practical Implications

This decision impacts how parents of handicapped children can claim deductions for educational expenses. It clarifies that tuition at a regular private school, even if beneficial to the child’s overall well-being, is not deductible as a medical expense unless the school is primarily focused on providing medical care to mitigate the handicap. Legal practitioners should advise clients to seek schools that qualify as ‘special schools’ under the regulations if they wish to claim tuition as a medical expense. This ruling may influence future cases involving deductions for educational expenses and could lead to legislative changes if Congress decides to expand the definition of ‘medical care’ to include certain educational costs for handicapped children.

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