Rose v. Commissioner, 52 T. C. 521 (1969)

Living expenses incurred while away from home for medical treatment are not deductible under IRC Section 213 unless they are part of a hospital bill.

Summary

In Rose v. Commissioner, the taxpayers sought to deduct living expenses incurred during medical treatment for their daughter's asthma, which required a change of environment. The Tax Court held that such expenses were not deductible under IRC Section 213, as they were not part of a hospital bill. The court clarified that only transportation costs primarily for and essential to medical care are deductible, while living expenses remain nondeductible personal expenses. The decision reinforced the distinction between medical and personal expenses, impacting how taxpayers claim medical deductions.

Facts

Suzanne Rose suffered from severe asthma, leading her physicians to recommend a change of environment to Destin, Florida, and later to Phoenix, Arizona. Her mother, Doris Rose, accompanied her, providing care. The family also rented an apartment in New Orleans to minimize house dust. The Roses claimed deductions for these living expenses on their 1964 tax return, asserting that these were necessary for Suzanne's medical treatment.

Procedural History

The Commissioner disallowed the deductions for living expenses, leading the Roses to petition the U. S. Tax Court. The court reviewed the case and issued its decision on June 24, 1969, upholding the Commissioner's position.

Issue(s)

1. Whether the living expenses of Doris and Suzanne Rose while away from home for medical treatment are deductible as medical expenses under IRC Section 213.
2. Whether Robert Rose's trip to Destin, Florida, is deductible as a medical expense.
3. Whether expenses incurred in 1965 for the Arizona trip are deductible in the 1964 tax year.

Holding

1. No, because living expenses incurred away from home for medical treatment are not deductible under IRC Section 213 unless part of a hospital bill.
2. No, because Robert Rose's trip was not primarily for and essential to Suzanne's medical care.
3. No, because expenses not incurred until 1965 are not deductible in the 1964 tax year.

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Court’s Reasoning

The court relied on IRC Section 213 and the Supreme Court’s decision in Commissioner v. Bilder, which clarified that living expenses away from home for medical treatment are not deductible unless they are part of a hospital bill. The court found that the living expenses in question were not incurred in a hospital or a qualifying institution under the regulations. Furthermore, the court noted that the accommodations did not duplicate a hospital environment, and thus, the expenses retained their character as nondeductible personal expenses. Robert Rose’s trip was also deemed non-essential to Suzanne’s care, and expenses paid in 1964 for 1965 were not deductible in the earlier year.

Practical Implications

This decision limits the scope of medical expense deductions under IRC Section 213, requiring taxpayers to distinguish clearly between medical and personal expenses. It impacts families seeking to claim deductions for living expenses incurred during medical treatment away from home, emphasizing the need for such expenses to be part of a hospital bill to be deductible. Practitioners must advise clients carefully on what qualifies as a medical expense, and taxpayers should be aware that only transportation costs directly related to medical care are deductible. Subsequent cases have continued to apply this principle, reinforcing the distinction between medical and personal expenses in tax law.

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