***Nammack v. Commissioner, 56 T. C. 1379 (1971)***

The limitations on child care expense deductions under IRC § 214(b) do not violate the Fifth Amendment's due process clause.

**Summary**

In Nammack v. Commissioner, the taxpayers sought to deduct $2,860 in child care expenses incurred in 1965. The IRS disallowed the deduction due to IRC § 214(b), which caps the deduction at $600 or $900 and reduces it based on income over $6,000. The court held that these limitations were constitutional, affirming Congress's authority to classify child care expenses as personal rather than business expenses. The decision emphasized the legislative discretion in tax policy and the lack of discriminatory intent against working women, despite the practical impact of the deduction limits.

**Facts**

Michael and Elizabeth Nammack, a married couple, filed a joint federal income tax return for 1965. They had a dependent daughter, Amy, and both parents were employed during the year, with Elizabeth paying $2,860 to Mrs. Helena Prince for child care services. The Nammacks' adjusted gross income was $14,262, exceeding the $6,000 threshold set by IRC § 214(b), resulting in the disallowance of their claimed child care deduction.

**Procedural History**

The Commissioner of Internal Revenue determined a deficiency in the Nammacks' 1965 tax return due to the disallowed child care expense deduction. The Nammacks petitioned the U. S. Tax Court, arguing that IRC § 214(b) was unconstitutional under the Fifth Amendment. The court upheld the constitutionality of the statute and ruled in favor of the Commissioner.

**Issue(s)**

1. Whether the limitations on child care expense deductions under IRC § 214(b) violate the due process clause of the Fifth Amendment.

**Holding**

1. No, because the court found that Congress acted reasonably in enacting IRC § 214(b) and did not arbitrarily discriminate against working women.

**Court's Reasoning**

The court reasoned that child care expenses were traditionally considered personal and nondeductible, and Congress's decision to allow limited deductions under IRC §

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214 was a legislative grace. The court applied a rational basis review, finding that the statutory limitations were reasonably related to the government's interest in distinguishing between personal and business expenses. The court rejected the argument that the limitations were designed to keep women in the home, noting the lack of evidence for such intent and the fact that the legislation actually liberalized prior law. The court also emphasized the presumption of constitutionality for revenue measures and cited Supreme Court precedents upholding similar classifications in economic and social welfare contexts.

**Practical Implications**

This decision affirms the constitutionality of statutory limitations on tax deductions, particularly in the context of child care expenses. It underscores the deference courts give to Congress in tax policy matters and the difficulty of challenging such policies on constitutional grounds. Practically, the ruling means that taxpayers with higher incomes will continue to be unable to deduct the full amount of child care expenses, potentially affecting the employment decisions of married women. Subsequent cases and legislative amendments have further clarified and expanded the scope of child care deductions, but this case remains a touchstone for understanding the constitutional boundaries of tax policy.

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