Volwiler v. Commissioner, 57 T. C. 367 (1971)

Expenses for non-hospital care, such as lodging and transportation, are not deductible as medical expenses unless they are primarily for medical care.

Summary

In Volwiler v. Commissioner, the Tax Court ruled that expenses for an automobile, lodging, and a telephone provided to the taxpayers' daughter after her hospitalization for mental illness were not deductible as medical expenses under Section 213 of the Internal Revenue Code. The court found that the primary purpose of these expenditures was not medical care, despite the daughter's ongoing recovery. The decision underscores the necessity of demonstrating that an expense is primarily for medical care to qualify for a deduction, impacting how taxpayers and practitioners should approach similar claims for non-hospital medical expenses.

Facts

Susan Volwiler, the petitioners' daughter, was hospitalized for two years due to a severe mental disorder. Upon her release in June 1966, her psychiatrist, Dr. Holmes, recommended that she live independently to aid her recovery. The petitioners contributed $1,200 toward the purchase of a 1964 Dodge Dart for Susan, and provided her with a monthly allowance of $1,100, which she used for rent and telephone expenses. Susan used the car for various purposes, including visiting Dr. Holmes and commuting to work as a dance instructor. The telephone enabled her to call Dr. Holmes daily, but also served personal purposes.

Procedural History

The petitioners claimed deductions for the car purchase, rent, and telephone expenses on their 1966 tax return, which the Commissioner disallowed. They then petitioned the U. S. Tax Court for a redetermination of the deficiency. The Tax Court upheld the Commissioner's determination, ruling in favor of the respondent.

Issue(s)

1. Whether the petitioners may deduct the amount contributed toward the purchase of an automobile for their daughter as a medical expense under Section 213.
2. Whether the petitioners may deduct the amounts given to their daughter and spent on lodging and telephone as medical expenses under Section 213.

Holding

1. No, because the automobile was not purchased primarily for medical reasons, serving multiple non-medical purposes as well.
2. No, because the lodging and telephone expenses were not primarily for medical care, lacking the necessary medical supervision or specialized services.

Court’s Reasoning

The court applied Section 213 of the Internal Revenue Code, which allows deductions for medical care expenses, including certain capital expenditures, if they are primarily for medical care. The court found that the automobile’s useful life extended beyond the period of Susan’s readjustment, and it was used for non-medical purposes such as commuting to work and personal independence. The court also noted that the mere recommendation of an expense by a doctor does not automatically qualify it as a medical expense. Regarding lodging and telephone, the court determined that these were personal expenses, as the facilities were not medically supervised or equipped, and the telephone was used for personal calls as well as medical consultations. The court distinguished this case from others where lodging was found to be a substitute for hospital care, emphasizing that Susan’s living situation was not equivalent to in-patient care.

Practical Implications

This decision clarifies that for an expense to be deductible as a medical expense under Section 213, it must be primarily for medical care. Taxpayers and practitioners must carefully document and justify the medical necessity of expenditures, particularly for non-hospital care. The ruling impacts how similar cases are analyzed, requiring a clear distinction between medical and personal expenses. It also underscores the need for specialized medical facilities or services to qualify lodging as a medical expense. Subsequent cases have applied this principle, reinforcing the need for a primary medical purpose to claim such deductions.