Brown v. Commissioner, 62 T. C. 551 (1974)

Payments for Scientology processing and auditing are not deductible as medical expenses under Section 213 of the Internal Revenue Code.

Summary

In Brown v. Commissioner, Donald H. Brown sought to deduct expenses for Scientology processing and auditing as medical expenses. The United States Tax Court held that these expenses were not deductible under Section 213 of the Internal Revenue Code, which defines medical care as expenses for the diagnosis, cure, mitigation, treatment, or prevention of disease. The court found that Scientology processing did not qualify as medical care since it was not specifically directed at treating any diagnosed mental or physical condition but was rather a general spiritual practice. This decision clarifies that for an expense to be deductible as medical care, it must be primarily for the alleviation of a specific health issue, not merely for general well-being or spiritual enhancement.

Facts

Donald H. Brown and his wife, Catherine, sought marital counseling from Rev. Clyde A. Benner in late 1964 due to Catherine's depression and suicidal tendencies. Initially, Benner provided counseling, but by early 1968, he introduced them to Scientology processing, charging them $1,838 for these services. Later in 1968, the Browns attended Scientology courses at the Hubbard College of Scientology and Hubbard Academy of Personal Independence in England, costing over $12,000, with $6,560 for Catherine's courses. On their 1968 tax return, they claimed these expenses as medical deductions, totaling $9,007. 20, which the IRS disallowed.

Procedural History

The Commissioner of Internal Revenue determined a deficiency in Brown's 1968 federal income tax due to the disallowed medical expense deductions. Brown filed a petition with the United States Tax Court, which heard the case and issued its decision on July 30, 1974.

Issue(s)

1. Whether payments made for Scientology processing and auditing can be deducted as medical expenses under Section 213 of the Internal Revenue Code.

Holding

1. No, because the Scientology processing and auditing were not primarily for the prevention or alleviation of a physical or mental defect or illness but rather for general spiritual well-being.

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Court’s Reasoning

The court focused on the definition of medical care under Section 213(e) of the Internal Revenue Code, which limits deductible expenses to those incurred primarily for the diagnosis, cure, mitigation, treatment, or prevention of disease. The court emphasized that the determination of what constitutes medical care depends on the nature of the services rendered, not the qualifications of the provider. It cited George B. Wendell, 12 T. C. 161 (1949), to support this point. The court noted that Scientology processing involved standardized questions and was not tailored to address specific psychological problems of the Browns. It further referenced the Church of Scientology’s own statements disclaiming any intent to treat disease, as mentioned in Founding Church of Scientology v. United States, 409 F. 2d 1146 (C. A. D. C. 1969). The court concluded that the expenses were for the general spiritual well-being of the Browns, not for medical care, and thus were not deductible.

Practical Implications

This decision has significant implications for taxpayers seeking to deduct expenses related to alternative or spiritual practices as medical expenses. It establishes that for an expense to be deductible under Section 213, it must be primarily directed at treating a specific medical condition, not just contributing to general well-being or spiritual enhancement. Legal practitioners advising clients on tax deductions for medical expenses must ensure that the services in question directly relate to a diagnosed condition and are recognized as medical care. This ruling may affect how religious or spiritual organizations describe their services and how their members claim related expenses on tax returns. Subsequent cases, such as Donnelly v. Commissioner, have continued to uphold the principle that indirect medical benefits from personal expenses do not qualify for deductions.

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