Mattes v. Commissioner, 77 T. C. 650 (1981)

The cost of cosmetic surgery, specifically hair transplantation, qualifies as a deductible medical expense under section 213 of the Internal Revenue Code if it is a treatment for a specific physical condition.

Summary

In Mattes v. Commissioner, William W. Mattes Jr. sought to deduct the cost of a hair transplant procedure as a medical expense for tax purposes. The court held that the expense was deductible under section 213 of the Internal Revenue Code, which defines medical care as including treatments that affect any structure or function of the body. The court reasoned that hair transplantation, performed to treat male pattern baldness, was a legitimate medical expense despite being undertaken for cosmetic reasons. This decision highlights the broad interpretation of 'medical care' under the tax code and underscores the importance of distinguishing between personal and medical expenses in tax law.

Facts

In 1976, William W. Mattes Jr. , a 24-year-old man from Maryland, underwent a surgical hair transplant procedure to address his premature baldness, costing him $1,980. The procedure was performed by a licensed physician using local anesthesia in a medical office. Mattes claimed this expense as a medical deduction on his 1976 tax return, but the IRS disallowed it, asserting that the procedure was cosmetic and not medically necessary. Mattes then petitioned the Tax Court for a ruling on the deductibility of this expense.

Procedural History

Mattes filed his petition with the United States Tax Court after the IRS determined a deficiency in his 1976 federal income tax due to the disallowance of his claimed medical expense deduction for the hair transplant. The case was submitted under Rule 122 of the Tax Court Rules of Practice and Procedure, and all facts were stipulated. The court's decision was to be entered for the petitioner.

Issue(s)

1. Whether the cost of a surgical hair transplant, performed to treat premature baldness, qualifies as a deductible medical expense under section 213 of the Internal Revenue Code?

Holding

1. Yes, because hair transplantation is a surgical procedure that affects a structure of the body and treats a specific physical condition, namely baldness, it qualifies as a medical expense under section 213.

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Court’s Reasoning

The Tax Court interpreted section 213 broadly, defining medical care as including amounts paid for the treatment of disease or for affecting any structure or function of the body. The court noted that hair transplantation, a surgical procedure, directly affects the scalp, a part of the body, and treats the condition of baldness. The court distinguished between personal expenses and medical expenses, emphasizing that while the hair transplant was for cosmetic reasons, it was a legitimate medical treatment performed by a physician. The court cited regulations that include surgical services as deductible medical care and referenced a Revenue Ruling allowing deductions for facelifts, another cosmetic procedure. The court rejected the IRS’s attempt to distinguish hair transplants from facelifts, arguing that both procedures treat physical conditions and require medical expertise.

Practical Implications

This decision expands the scope of what can be considered a deductible medical expense under section 213, particularly in the realm of cosmetic surgery. It suggests that procedures undertaken for cosmetic reasons but which treat specific physical conditions may be deductible, provided they are performed by a licensed medical professional. This ruling could influence future cases involving other types of cosmetic surgery, such as breast augmentation or liposuction, when they are used to treat physical conditions. Practitioners should note that the decision underscores the need to carefully distinguish between personal and medical expenses in tax filings. Subsequent cases have cited Mattes in support of deductions for similar cosmetic procedures, reinforcing its impact on tax law regarding medical expenses.

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