***Druker v. Commissioner, 77 T. C. 867 (1981)***

The so-called marriage penalty in the tax code does not violate the equal protection clause of the Fourteenth Amendment, and home office deductions require a direct link to a trade or business.

**Summary**

James and Joan Druker, married but filing separately, challenged the constitutionality of the marriage penalty, claiming it violated equal protection. They also claimed a home office deduction. The U. S. Tax Court upheld the marriage penalty as constitutional, stating that tax distinctions between married and single filers do not infringe on fundamental rights. The court denied the home office deduction as James Druker failed to prove the office was for his employer's convenience or related to a trade or business. The court also found that the Drukers were not liable for penalties for intentional disregard of tax rules, given the reasonable basis for their legal challenge.

**Facts**

James and Joan Druker, married, filed their 1975 and 1976 tax returns as unmarried individuals, objecting to the marriage penalty. They attached letters to their returns expressing their belief that the penalty violated the Fourteenth Amendment. James also claimed a home office deduction for 1976, despite being employed by government offices during that time and not earning any income from private practice. The IRS determined deficiencies and sought to impose penalties for intentional disregard of tax rules.

**Procedural History**

The Drukers filed a petition with the U. S. Tax Court after receiving deficiency notices from the IRS. The court considered the constitutionality of the marriage penalty, the validity of the home office deduction claim, and the applicability of penalties for intentional disregard of tax rules.

**Issue(s)**

1. Whether the so-called marriage penalty violates the equal protection clause of the Fourteenth Amendment?
2. Whether the Drukers can change their filing status from married filing separately to married filing jointly?
3. Whether James Druker is entitled to a home office deduction for 1976?
4. Whether the Drukers are liable for the addition to tax for intentional disregard of tax rules?

**Holding**

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1. No, because the tax code’s distinction between married and single filers does not infringe on fundamental rights and is not invidiously discriminatory.
2. No, because the Drukers did not meet the statutory requirements for changing their filing status.
3. No, because James Druker did not use the home office for the convenience of his employer or in a trade or business generating income.
4. No, because the Drukers’ challenge to the marriage penalty was based on a reasonable legal argument, not frivolous or meritless.

**Court’s Reasoning**

The court found the marriage penalty constitutional, citing prior cases like Johnson v. United States and Mapes v. United States, which rejected similar challenges. The court noted that while the tax system may have some discriminatory impact, it does not rise to a level that violates the Fourteenth Amendment. The Drukers’ attempt to change their filing status was barred by the statute’s time limitations. Regarding the home office deduction, the court applied Section 280A, finding that James Druker did not meet the criteria as he was an employee without a direct business use for the office. On the issue of penalties, the court considered the Drukers’ challenge to be based on a reasonable legal argument, thus not warranting penalties for intentional disregard of tax rules.

**Practical Implications**

This decision affirms the constitutionality of the marriage penalty, guiding practitioners in advising clients on the tax implications of marital status. It clarifies that home office deductions require a direct link to a trade or business, not merely storage or convenience. The ruling also suggests that reasonable legal challenges to tax rules may not result in penalties, which could encourage taxpayers to seek judicial review of tax provisions they believe are unfair. Subsequent cases have continued to uphold the marriage penalty, though partial relief was provided by the Economic Recovery Tax Act of 1981. Legal practitioners should advise clients on the potential for such challenges and the importance of meeting statutory criteria for deductions and filing status changes.

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