

## ***Feldman v. Commissioner, 73 T. C. 472 (1980)***

Expenses for a personal family celebration, like a bar mitzvah reception, are not deductible as business expenses, even if the event has some incidental business aspects.

### **Summary**

In *Feldman v. Commissioner*, Rabbi Feldman sought to deduct expenses from his son's bar mitzvah reception as business expenses under IRC section 162. The Tax Court ruled against him, holding that the reception was primarily a personal and family event, despite some incidental business discussions. The court emphasized the need to distinguish between personal and business expenses, particularly in religious contexts, and concluded that the expenses were not deductible because they did not primarily serve a business purpose.

### **Facts**

Rabbi Arnold H. Feldman, employed by Congregation Shaare Shama-yim/G. N. J. C. in Philadelphia since 1963, conducted his son David's bar mitzvah service in June 1975. The entire congregation (approximately 725 families) was invited to both the service and the subsequent reception, which was held in the synagogue's multipurpose room. The reception, costing \$4,096, was buffet-style with various foods and a band. No prospective members were invited, but some fundraising for stained glass windows occurred coincidentally. Feldman and his wife, Carole, sought to deduct these expenses on their 1975 tax return, claiming them as business expenses related to Feldman's role as a rabbi.

### **Procedural History**

The IRS disallowed \$4,031 of the claimed \$5,326 deduction for the bar mitzvah reception. Feldman and his wife petitioned the Tax Court for a redetermination of the deficiency. The court heard the case and issued its opinion in 1980, denying the deduction.

### **Issue(s)**

1. Whether the expenses for Feldman's son's bar mitzvah reception are deductible under IRC section 162 as ordinary and necessary business expenses.
2. If so, whether section 274 operates to disallow the deduction.

### **Holding**

1. No, because the reception was primarily a personal and family event, not a business expense.
2. The court did not reach this issue due to its decision on the first issue.

## **Court's Reasoning**

The court applied IRC sections 162 and 262, which differentiate between deductible business expenses and non-deductible personal expenses. It found that the bar mitzvah reception was predominantly a personal and family celebration, despite some incidental business discussions about fundraising for stained glass windows. The court emphasized that the invitations were for a family event, not a business meeting, and that any business aspect was coincidental. The court cited *Sharon v. Commissioner* and *Haverhill Shoe Novelty Co. v. Commissioner* to support its analysis of mixed personal and business expenditures. It distinguished *Howard v. Commissioner*, where home entertainment expenses were deductible because they were directly related to the taxpayer's business as a corporate executive. The court concluded that Feldman failed to show that the business elements of the reception rose to the level necessary for a business expense deduction.

## **Practical Implications**

This decision clarifies that expenses for religious life-cycle events like bar mitzvahs are generally not deductible as business expenses, even if the individual involved is a professional in a religious capacity. Practitioners should advise clients that personal and family celebrations, regardless of any incidental business discussions, do not qualify for business expense deductions. This ruling may affect how religious professionals approach expenses related to their personal life events and how they report them on tax returns. It also underscores the need for careful documentation and analysis of the primary purpose of any expenditure claimed as a business expense. Subsequent cases, such as *Fixler v. Commissioner* and *Brecker v. Commissioner*, have similarly denied deductions for bar mitzvah expenses, reinforcing the Feldman precedent.