

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 1-306-788-864
██████████,)	
)	
Petitioner.)	DECISION
_____)	

On October 8, 2019, the staff of the Property Tax Division (Division) at the Idaho State Tax Commission (Tax Commission) notified ██████████ (Petitioner) of its intent to deny property tax reduction benefits for tax year 2019. On October 24, 2019, Petitioner filed a timely appeal and petition for redetermination of the intent to deny property tax reduction benefits.

On December 5, 2019, the Tax Appeals Unit at the Tax Commission mailed a letter to Petitioner informing him he could request a hearing or submit additional documents. Petitioner requested a determination based on the information available. Therefore, based on the information available, the Tax Commission hereby issues its decision to modify the intent to deny property tax reduction benefits.

Facts

Petitioner claimed \$13,572 in medical expenses on his application for property tax reduction benefits. The Division removed \$10,196 in naturopathic medical expenses. Naturopathy is a system of treatment of a disease emphasizing aid to nature and sometimes including the use of natural medical substances such as herbs, vitamins, and salts, and certain physical means such as manipulation and electrical treatment. The Division denied the medical expenses stating: “Per IRS guidelines naturopathic treatments are not allowed.” Petitioner filed an appeal asserting naturopathic treatments are valid medical expenses.

Law and Analysis

Internal Revenue Code section 213 provides that deductible “medical care” expenses are amounts paid: (A) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body; (B) for transportation primarily for and essential to medical care referred to in paragraph (A) above; (C) for qualified long-term care services; (D) for insurance covering medical care referred to in (A) and (B) above or for any qualified long-term care insurance contract; (E) for certain lodging away from home.

A physician's recommendation is important in determining whether an expense is medical or personal. However, this determination is unnecessary for items that are wholly medical in nature and serve no other function in everyday life (Rev. Rul. 2007-72, 2007-2 CB 1154, 12/06/2007).

There must be a proximate relationship between the medical deficiency of the individual and the service that person received, in order for the cost of the service to qualify as a deductible medical expense (*Ripple, Paul H.*, (1970) 54 TC 1442; *Grunwald, Arnold P.*, (1968) 51 TC 108; *Pazos, Jose F.*, (1987) TC Memo 1987-131, PH TCM ¶87131, 53 CCH TCM 337.)

The medical expense deduction is an exception to the general principal that “personal, living, or family” expenses are not deductible. Accordingly, the rules allowing the medical expense deduction are to be construed narrowly (*Atkinson, Grant*, (1965) 44 TC 39.). To get a medical care deduction, a taxpayer must show both that an expenditure was an essential element of medical care and that, were it not for medical reasons, the expenditure would not have been incurred (*Jacobs, Joel*, (1974) 62 TC 813.)

The determination of what is medical care depends not on the experience, qualifications, and title of the person rendering the services but on the nature of the services rendered (*Brown*,

Donald H., (1974) 62 TC 551; *Tautolo, David F.*, (1975) TC Memo 1975-277, PH TCM ¶75277, 34 CCH TCM 1198.)

An expense does not qualify for a medical deduction merely because it is prescribed or recommended by a physician (*Atkinson, H.*, (1965) 44 TC 39, acq 1965-2 CB 4; *Volwiler, Wade*, (1971) 57 TC 367; *Seymour, John*, (1950) 14 TC 1111).

Deductions for medical care expenses aren't strictly limited to traditional medical procedures. Rather, deduction is permitted for “nontraditional” medical care where the payments are made, as described in Code Sec. 213(d)(1)(A), for the purpose of affecting any structure or function of the body. Deduction is not precluded by the fact that the medical care wasn't prescribed by a medical doctor and/or wasn't covered by an insurance company. For example, a taxpayer suffering from a recurrence of breast cancer was permitted to deduct the cost of consultations with, and dietary supplements prescribed by, a “naturopathic doctor” who wasn't a medical doctor and whose treatments weren't covered by taxpayer's insurance (*Dickie, Paul F.*, (1999) TC Memo 1999-138, RIA TC Memo, 77 CCH TCM 1916.)

Generally, the deductibility of alternative therapies or miscellaneous services or activities that aren't performed by or under the direct supervision of a medical professional is a matter of establishing that they aren't personal expenses and/or general health expenditures, that there's a direct or proximate relation between the expenses and the diagnosis, cure, mitigation, treatment, or prevention of disease (*Jacobs, Joel H.*, (1974) 62 TC 813; *Tautolo, David F.*, (1975) TC Memo 1975-277, PH TCM ¶75277, 34 CCH TCM 1198) and that that proximate relation justified a reasonable belief that the treatment, etc., would be effective (*Havey, Edward*, (1949) 12 TC 409.)

Conclusion

The Tax Commission determines that Petitioner may deduct expenses for naturopathic treatments as medical expenses. In reaching its decision the Tax Commission notes that a taxpayer cannot include in medical expenses personal expenses or general health expenditures. As stated in IRS Publication 502 (2018), “You can’t include in medical expenses the cost of nutritional supplements, vitamins, herbal supplements, “natural medicines,” etc., unless they are recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician. These items are taken to maintain your ordinary good health and aren't for medical care.”

The burden is on the taxpayer to prove that an expenditure is a qualifying medical expense and not a personal expense or general health expenditure. In the current case, Petitioner has satisfied his burden of proof. Petitioner’s spouse had a specific medical condition diagnosed by a physician, Petitioner would not have incurred these expenses if not for the medical condition, and the expenses were recommended by a medical practitioner. There was a direct or proximate relation between the expenses and Petitioner’s spouse’s cancer and a belief that the treatment, etc., would be effective.

However, the Tax Commission is not persuaded that all of the expenses satisfy the requirements under Internal Revenue Code section 213. Petitioner claimed \$1,875 in biophoton (light) treatments for his spouse’s feet and hands. There does not appear to be a direct or proximate relation between the expense and Petitioner’s spouse’s illness to qualify as a deduction under Internal Revenue Code section 213.

Petitioner is entitled to a property tax reduction benefit of \$290.

THEREFORE, the decision of the State Tax Commission staff to deny the property tax reduction benefit for 2019 is MODIFIED and MADE FINAL.

An explanation of Petitioner's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2020.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2020,
a copy of the within and foregoing DECISION was served by sending the same by United States
mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.

[REDACTED]