

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)
) DOCKET NO. 0-380-381-184
 [REDACTED],)
)
) Petitioner.) DECISION
)
 _____)

[REDACTED] (Petitioner) filed a timely appeal and petition for redetermination of a Notice of Deficiency Determination Property Tax Reduction (Notice) for tax year 2019. The Property Tax Division (Division) at the Idaho State Tax Commission (Tax Commission) issued the Notice after determining Petitioner claimed invalid medical expenses. The Division proposed a tax due of \$232.47. The Tax Commission, having reviewed the file, hereby issues its final decision. The Tax Commission cancels the Notice for the following reasons.

BACKGROUND

Petitioner claimed \$18,362 in medical expenses on her Application for Property Tax Reduction for 2019 and received a \$1,220 benefit. The Bureau disallowed \$4,000 in medical expenses and provided the following explanation:

Your 2019 application was audited and your medical stem cell deductions of \$4000 has been disallowed. The PTR program follows Publication 502 guidelines for Medical and Dental Expenses allowed.

Petitioner appealed, provided medical receipts, and a statement from her medical doctor. According to her medical doctor, Petitioner “received medical treatment for her lower back and leg pain due to chronic ongoing illness.” Additionally, Petitioner had previously tried other therapies which did not work, and the stem cell treatment was a “medically necessary procedure.” The Division transferred the case to the Tax Appeals Unit at the Tax Commission.

Before the Tax Appeals Unit sent Petitioner a letter informing her of appeal rights, Petitioner contacted the Tax Appeals Unit. The Tax Appeals Unit informed Petitioner of her appeal rights and options. After a brief conversation Petitioner chose not to have a hearing and requested a final decision based on the information available.

LAW

Idaho Code section 63-701(5)(g) refers to Internal Revenue Code section 213 for the definition of medical expenses for purposes of the property tax reduction benefit. Under Internal Revenue Code section 213, deductible medical expenses are amounts paid for the diagnosis, mitigation, treatment, and prevention of disease or for the purpose of affecting the body's structure or function and the costs of nursing services. Expenses for services that are merely beneficial to the individual's general health are not deductible. There must be a proximate relationship between the medical deficiency of the individual and the service that person received, for the cost of the service to qualify as a deductible medical expense.

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). 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 § 213(d)(1)(A), for the purpose of affecting any structure or function of the body. A 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.

As the court stated in *Fischer v. Commission* (1968), 50 TC 164: “The cases, the ruling, and the regulation make clear that whether a service for which an expenditure is made constitutes

medical care will depend upon its therapeutic nature to the individual, and not upon the title of the person rendering the service, or whether the expense is “medical” to all persons, or the general nature of the institution in which the service is rendered.” This broad view of medical care allows medical expense deductions for “nontraditional” medical care. See *Crain v. Commissioner*, T.C. Memo. 1986-138; *Tso v. Commissioner*, T.C. Memo. 1980-399.

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. In addition there must be a direct or proximate relation between the expenses and the diagnosis, cure, mitigation, treatment, or prevention of disease, and the proximate relation justified a reasonable belief that the treatment, etc., would be effective. *Jacobs, Joel H.*, (1974) 62 TC 813; *Tautolo, David F.*, (1975) TC Memo 1975-277; *Havey, Edward*, (1949) 12 TC 409.

ANALYSIS & CONCLUSION

In this case, Petitioner has provided a letter from her medical doctor that indicated: (1) the expenses do not appear to be personal expenses or general health expenditures; (2) there is a direct or proximate relation between the expenses and Petitioner’s lower back and leg pain due to chronic ongoing illness; and (3) there is reasonable belief that the treatment would be effective. Therefore, the \$4,000 in stem cell treatments received by Petitioner is allowable under Idaho Code section 63-701(5)(g) for purposes of the property tax reduction benefit.

THEREFORE, the Notice of Deficiency Determination dated May 13, 2020, is hereby CANCELED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

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

DATED this _____ day of _____ 2020.

IDAHO STATE TAX COMMISSION

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:



Receipt No.
