

**INTERNAL REVENUE SERVICE**

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The Honorable Tom Latham  
U.S. House of Representatives  
Washington, D.C. 20515

Attention: Hayden Milberg

Dear Mr. Latham:

This letter is in response to your inquiry dated January 24, 2001, on behalf of your constituent, [REDACTED]. Reference is also made to our letter dated November 27, 2000, which addressed similar inquiries made by [REDACTED].

In our November 27 letter, we provided general information on deductible medical expenses. However, based upon her recent correspondence, we believe [REDACTED] is concerned primarily with the notion that the purchaser of a good or service must prove that it is effective at healing a disease before any expenditure can qualify as one for medical care. As discussed below, under the law enacted by the Congress, it is not necessarily determinative that the purchased good or service be effective at healing disease in order for the associated expense to be deductible. Also below is an answer to [REDACTED] question concerning the meaning of the term "origin of the claim."

**Proof of healing is not a prerequisite to deductibility.** There is no bright-line or litmus test, including healing statistics, which is used to determine whether an expenditure qualifies as a deductible medical care expense. Whether an expenditure is a deductible medical care expense can be determined only after consideration of all the facts and circumstances present in each individual case. As stated in our earlier reply, several factors are relevant,<sup>1</sup> but no single one is dispositive.

For example, the United States Tax Court did not require proof that a traditional Navajo singing healed cancer before determining that some of the expenditures were deductible

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<sup>1</sup> The taxpayer's purpose or motive, the effect of purchased goods or services on the illness, and the origin of the expense, are relevant in determining whether an expenditure constitutes medical care. A further question is whether the treatment was so proximate in time to the onset, recurrence, or continuance of the disease or condition as to make the condition the true occasion of the expenditure. Havey v. Commissioner, 12 T.C. 409, 411 (1949).

medical care expenses. Tso v. Commissioner, T.C. Memo 1980-399, (1980). On the other hand, while accepting the undisputed fact that diseases have been healed by miracles occurring at the shrine at Lourdes, France, the Tax Court found other factors more relevant in disallowing the travel expenses claimed for medical care by the taxpayers in that case. However, the court did not directly challenge the view that religiously based treatments could qualify as medical care under appropriate circumstances. Ring v. Commissioner, 23 T.C. 950 (1955).

**The meaning of the term “Origin of the Expense.”** As stated above, several factors are relevant, but no single one is dispositive. [REDACTED] specifically asked what is meant by saying the origin of the expense is relevant to determining whether an expenditure constitutes medical care. The United States Tax Court explained:

Thus also it is important to inquire as to the origin of the expense. Was it incurred at the direction or suggestion of a physician; did the treatment bear directly on the physical condition in question; did the treatment bear such a direct or proximate therapeutic relation to the bodily condition as to justify a reasonable belief the same would be efficacious; was the treatment so proximate in time to the onset or recurrence of the disease or condition as to make one the true occasion of the other, thus eliminating expense incurred for general, as contrasted with some specific, physical improvement? Havey v. Commissioner, 12 T.C. 409, 412 (1949).

I hope this information is helpful. Please call A. Katharine J. Kiss, Identification Number 50-03990, at (202) 622-4920, if you have any questions.

Sincerely,

Heather C. Maloy  
Associate Chief Counsel  
(Income Tax & Accounting)