

Your Taxes; A Court Decision For Scientologist

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In a decision that has roiled long-established practice, a Federal appeals court has legitimized a challenge to deductions for certain charitable contributions by a Scientologist, who contended that he had been a victim of discrimination.

At issue is the deductibility of contributions to religious organizations when the church or synagogue provides something in return.

The decision in question, issued this autumn when the United States Court of Appeals for the 11th Circuit, in Atlanta, vacated a district court's dismissal, backs an assertion by a member of the church that the I.R.S. discriminated against him by denying his charitable deduction on the ground that his payments were tied to a specific benefit: one-on-one sessions with a church figure for which a price list is published and payment required.

George H. Powell's victory means that the matter must now be reconsidered in court, and the I.R.S. and others are forced to take a fresh look at Scientology's contention that mainstream religious organizations also provide a quid pro quo for participation in religious services. At issue are such things as pew rents, Mass stipends, High Holy Day tickets, and tithes. Protestants, Roman Catholics, Jews and Mormons employ one or more of these.

The Church of Scientology has fought with the Internal Revenue Service over its status for years.

Although few believe that the charitable deduction, one of the most widely used, will ultimately be compromised or lost, it seems possible that Scientology will gain equal footing. Consequently, the decision is being taken seriously both by the service and by some church representatives here. "It might stick," said Donald C. Alexander, a former head of the I.R.S. and now a Washington consultant to nonprofit groups. "It's not a frivolous issue." Higher Standard Deduction

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For 1992, according to newly published I.R.S. inflation adjustments, the standard deduction will rise by \$300, to \$6,000, for joint returns and surviving spouses and by \$200, to \$3,600, for singles. The deduction will be \$5,250 for heads of household and \$3,000 for married people filing separately. Each personal exemption will rise \$150, to \$2,300, with the maximum basic earned-income credit at \$1,324 for a worker with one child and \$1,384 for two or more children. Those claiming the credit may also be entitled to a health insurance credit of up to \$451 and a credit of up to \$376 for a child born during 1992.

Additional standard deductions for old age and blindness rise \$60, to \$700 for couples and \$900 for singles.

But the Social Security levy will bite harder for many in the new year as the taxable wage base rises to \$55,500 from \$53,400. Moreover, the Medicare base rises to \$130,200 from \$125,000. The combined tax rate remains at 7.65 percent -- 6.2 percent for Social Security and 1.45 percent for Medicare.

Meanwhile, benefits under Social Security rise 3.7 percent in January to reflect inflation as gauged by the Consumer Price Index. Footnotes

Dan Rostenkowski, chairman of the House Ways and Means Committee, said he would seek re-election to an 18th term. Representative Frank Annunzio, who as a result of Illinois redistricting had been a prospective opponent, decided to retire. At the I.R.S., Michael P. Dolan has been named deputy commissioner, replacing Michael J. Murphy.

The New York State Department of Taxation and Finance is one of six organizations to win the first I.R.S. Quality Supplier Awards. They magnetically transmitted more than 500,000 information documents for 1989 and 1990 with no formatting or validity errors.

A deputy registrar in Ohio's Bureau of Motor Vehicles may not deduct as a political contribution any part of the 10 percent of his office's receipts he agreed to pay the Butler County Democratic Party for the support needed to get and keep the job. The United States Tax Court also said in its decision that while a reasonable person in the registrar's position could believe the job to be dependent on the payments -- subsequently barred by Ohio law -- the payments could not be deducted as business expenses, either.

President Bush on Wednesday signed the bill that extends for six months a dozen expiring tax breaks and raises quarterly estimated tax payments for corporations.