



## Tax Reduction Letter

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### Revenue Ruling 68-212<sup>1</sup>

Section 213, Medical, Dental, Etc., Expenses

January 1968

For taxable years beginning prior to January 1, 1967, the Internal Revenue Service will no longer contest the deductibility, as medical expenses under section 213 of the Internal Revenue Code of 1954, of premiums paid for health and accident insurance.

I.T. 3967, C.B. 1949-2, 33; I.T. 3970, C.B. 1949-2, 28; Revenue Ruling 19, C.B. 1953-1, 59; Revenue Ruling 55-261, C.B. 1955-1, 307; Revenue Ruling 55-331, C.B. 1955-1, 271; Revenue Ruling 58-602, C.B. 1958-2, 109; and Revenue Ruling 59-393, C.B. 1959-2, 457, modified.

For taxable years beginning prior to January 1, 1967, the Internal Revenue Service will no longer contest the deductibility, as medical expense under section 213 of the Internal Revenue Code of 1954, of premiums paid for health and accident insurance. As a result, premiums paid on policies providing indemnity for accidental loss of life, limb, and sight, and for loss of earnings during periods of disability, are deductible for these taxable years.

Recently, the United States Court of Appeals for the Second Circuit, in the case of Luther Ira Webster, et ux. v. United States, 371 F. 2d 441 (1967), ruled, contrary to the prior Revenue Service position against deductibility as set forth in several rulings, that such premiums are deductible medical expenses. Other courts have also held that these premiums are deductible.

Section 106 of this Social Security Amendments of 1965, Public Law 89-97, C.B. 1965-2, 601, effective for taxable years beginning after December 31, 1966, amended section 213(e) of the Code to provide specifically that medical expense deductions are permitted for insurance premium payments only if, and to the extent that, the insurance policy affords actual medical care coverage. Therefore, premiums paid for insurance policies providing indemnity for accidental loss of life, limb, and sight, and for loss of earnings during disability, will not be deductible as medical expenses for taxable years beginning after December 31, 1966, to the extent attributable to such coverage.

I.T. 3967, C.B. 1949-2, 33; I.T. 3970, C.B. 1949-2, 28; Revenue Ruling 19, C.B. 1953-1, 59; Revenue Ruling 55-261, C.B. 1955-1, 307; Revenue Ruling 55-331, C.B. 1955-1, 271; Revenue Ruling 58-602, C.B. 1958-2, 109; and Revenue Ruling 59-393, C.B. 1959-2, 457, are modified to the extent that they hold that premiums paid for insurance policies providing indemnity for accidental loss of life, limb, and sight, and for loss of earnings during disability, are not deductible as medical expenses for taxable years beginning prior to January 1, 1967.

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<sup>1</sup> Based on Technical Information Release 904, dated May 17, 1967.