



## Tax Reduction Letter

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### Revenue Ruling 68-591

The extent to which the Revenue Service will follow the Mary O. Furner decision which held that amounts spent by a teacher who left her position to pursue a full-time graduate course for one academic year were deductible as educational expenses.

The Internal Revenue Service will follow, to the extent stated below, the decision of the United States Court of Appeals for the Seventh Circuit in the case of Mary O. Furner v. Commissioner, 393 F. 2d 292 (1968), reversing 47 T.C. 165 (1966).

In this case, the appellate court held that amounts spent by a teacher who left her position to pursue a full-time graduate course for one academic year were deductible as educational expenses under section 1.162-5 of the Income Tax Regulations, even though she was not on leave status from the school system and, upon graduation, accepted a teaching position different from her previous job.

The Service will follow the Furner decision in cases where the requirements of section 162 of the Code and the regulations thereunder are satisfied, and where the facts are substantially the same as those in the Furner case, that is, where a taxpayer, in order to undertake education or training to maintain or improve skills required in his employment or other trade or business, temporarily ceases to engage actively in employment or other trade or business. Ordinarily, a suspension for a period of a year or less, after which the taxpayer resumes the same employment or trade or business, will be considered temporary.

However, the Service does not agree with any construction of the Furner opinion under which an expense could be considered incurred while carrying on a trade or business within the meaning of section 162 of the Code (although in fact such trade or business is not being carried on) merely because (1) the study might be a "normal incident" of carrying on a trade or business and (2) the taxpayer subjectively intends to resume that trade or business at some indefinite future date.