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Tax Report

A Special Summary and Forecast Of Federal and State Tax Developments

ADVANCED SCIENTOLOGY, a solitary study, should be deductible, they argued.

The Scientology Church has long fought the IRS over charitable deduction of fees members pay to the sect. In 1989, the Supreme Court said fixed fees for so-called auditing were paid for services — and weren't deductible as disinterested gifts. Still, Brian G. and Margaret A. Szabo of Palo Alto, Calif., felt \$10,854 of the \$14,977 they paid the church in 1976 should be deductible above the \$471 the IRS allowed.

The couple conceded \$3,652 was for non-deductible auditing. But they paid the rest for advanced training — 300 hours each, all but about nine hours involving meditation alone. They told the Tax Court those payments exceeded the church's limited costs and should be deductible as gifts. Now Special Judge Goldberg has rejected the argument and the deduction. The Szabos sought higher spiritual awareness and paid the fees established for the service, he says.

Paid for a benefit, the fees weren't free-will offerings, the judge said.