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## Scientologists Lose Tax Deduction Case

By DAVID G. SAVAGE, *Times Staff Writer*

WASHINGTON—The Supreme Court ruled Monday that the "fixed donations" paid by members to the Church of Scientology are not tax-deductible, charitable contributions.

In the 5-2 ruling, the high court said that money paid to the church by Scientologists for training and a form of counseling called "auditing" are more like fees for a service than donations to a church.

The church requires fixed donations of as much as \$3,000 for 12½ hours of "auditing," during which a person confesses his innermost thoughts while his responses are monitored on a lie detector-type device known as the E-meter.

For years, members of the Church of Scientology have tried to deduct

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Their donations but have been rejected by the Internal Revenue Service. One of the church's major strongholds is in Los Angeles, where thousands of Scientologists flock from around the world to purchase the training at the group's sprawling blue complex on Fountain Avenue or at other local centers.

Church leaders have long argued that their sacred scriptures—written by the late Scientology founder L. Ron Hubbard—mandate the payment of fixed donations. Hubbard, under his "doctrine of exchange," contended that a person must learn to give as well as to receive.

Before the Supreme Court, lawyers for the Scientologists contended that the government had singled out the church for discrimination. They said that the Internal Revenue Service has permitted members of other religions to take tax deductions for "pew rents" and tithing, among other things.

But Justice Thurgood Marshall, writing for the majority, found otherwise. He said church members receive a service for their contributions, much like tuition at a religious school, which is not tax deductible.

"In return for their money," Marshall said, members "received an identifiable benefit, namely, auditing and training services."

In dissent, Justice Sandra Day O'Connor, joined by Justice Antonin Scalia, agreed with the church's argument that it had been discriminated against by the IRS. She said that payments deemed deductible

by the IRS for other religions were "indistinguishable" from those made by Scientologists.

Justices William Brennan and Anthony Kennedy did not take part in the ruling.

The Rev. Brian Anderson, vice president of the Church of Scientology International, said the Supreme Court decision "poses a threat" to tax deductions taken by members of all religions.

The high court's decision comes after a number of lower federal courts across the country issued conflicting opinions on whether Scientology's fixed donations were tax deductible. The case that led to the Supreme Court ruling on Monday grew out of an appellate decision in New England.

In that case, the U.S. 1st Circuit Court of Appeals upheld an IRS decision denying Scientologist Robert Hernandez a tax deduction of \$7,338 for contributions to the church in 1981. He was then assessed a penalty of more than \$2,200.

Monday's ruling is the latest in a series of legal disputes involving the church. The organization has been in and out of court for years, battling dozens of suits filed by former members who have charged that they were defrauded and harassed by Hubbard's followers.

The church, branded a "cult" by its detractors, has paid millions of dollars in out-of-court settlements to end costly and embarrassing litigation.

Times staff writers Robert W. Welkos and Joel Sappell in Los Angeles contributed to this article.