



Robert W. Wood

THE TAX LAWYER

Nov. 10 2011 — 6:19 am

Michael Jackson Death Doctor Can Deduct His Legal Fees

Conrad Murray's [conviction](#) for the death of Michael Jackson may mean Dr. Murray's legal fees were paid in vain. Harvard's famed criminal defense lawyer [Alan Dershowitz](#) sure thought they did a [poor job](#). Clearly, Dr. Murray's income and finances may go from bad to worse.



Insurance could pick up the tab.

See [Jackson doctor's legal bills issue in Texas court](#). But assuming Dr. Murray pays his lawyers, can he deduct these considerable fees on his taxes? Probably. After all, this case was about his profession.

Even though criminal, his actions arose from his practice not his personal life. That means his tax deductions won't depend on arguments that he **had** to incur the expenses to keep his professional reputation.

Many people argue legal fees are deductible even though personal because of their reputation. Consider these pioneers in the maybe deductible category of legal fees:

- [Winona Ryder](#), with multiple alleged shopliftings;
- [Robert Blake](#), accused of killing his wife;

- Telephone-brandishing supermodel [Naomi Campbell](#); and
- [Lindsay Lohan](#), for 2 DUIs, multiple probation violations, and stealing a necklace.

Domestic doyenne [Martha Stewart](#) paid huge legal fees on an obstruction of justice charge from the sale of Imclone stock. To pay legal fees, she sold 75,000 shares of Martha Stewart Living stock (raising \$4.67 million). SEC filings revealed she sought reimbursement (as an officer and director) for \$3.7 million of fees for her successful defense on the charge that she tried to lift her own company's share price by declaring that she was innocent of insider trading.

Yet the granddaddy of all celebrity legal fiascos was Michael Jackson's molestation trial. His acquittal on child molestation charges came at a price. Some estimates put the King of Pop's legal expenses as high as \$20 million. I don't know if he deducted them. See [When High-Priced Celebrity Lawyers Are Tax Deductible](#).

But Dr. Murray should be able to deduct his fees as a business expense even though he was convicted. After all, he was treating Michael Jackson and being paid for it. Whether facing a civil malpractice trial or a criminal trial, his legal expenses relate to his trade or business. Technically expenses must be [ordinary, necessary and reasonable](#) to be deductible but that doesn't take much.

In the tax world, an expense is "ordinary" even if it is once in a lifetime. Necessary is also easy. If Dr. Murray gets a bill from his lawyers and pays it, that's necessary. And reasonable? If a lawyer can charge it and someone pays, it's probably reasonable. That means no matter how high, Dr. Murray's defense costs are probably all deductible.

For more, see:

[What Deductible? Case Law Provides Guidance for Celebrities Looking to Deduct Legal Fees](#)

[The Only Good Legal Fees Are Tax Deductible Legal Fees](#)

[When High-Priced Celebrity Lawyers Are Tax Deductible](#)

[Stars And Their Legal Fees: Another Red Carpet?](#)

[Top 10 Tax Mistakes Made by Contingent Fee Lawyers](#)

[Top 10 Celebrity Crimes](#)

[IRS Publication 529, Miscellaneous Deductions](#)

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009, [Tax Institute](#)), he can be reached at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*