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*From the Los Angeles Times*

## How to write off medical expenses

**Many overwhelmed taxpayers overlook deductible items.**

By Kathy M. Kristof

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Last year, Julia and Steven Greenwell spent more than \$10,000 remodeling a bathroom. This year, at tax time, they'll get some of it back. Many of their construction costs are deductible -- as medical expenses.

The Greenwells didn't have the work done simply to update their Northern California ranch-style house. They needed to make it more accommodating for their 8-year-old daughter, who has cerebral palsy. Now their daughter's shower is wheelchair accessible. They added ramps and railings throughout the house too.

"The cost of doing this stuff is more expensive than you'd ever imagine," Steven Greenwell said. "I wouldn't advocate doing anything just for the tax breaks. But they help soften the blow."

Millions of taxpayers qualify for unconventional breaks by virtue of ailments or disabilities that turn the cost of normally nondeductible items into write-offs. But these are often overlooked.

"At least 20% to 30% of the people we see have no idea what tax benefits they are entitled to," said Bernard A. Krooks, founding partner of the New York law firm of Littman Krooks. "A lot of the time, people dealing with a disability are so overwhelmed with everything they have to do that taking a tax deduction is not even on their list. They don't even think to mention this stuff when they go to the accountant."

Deductible medical expenses include payments to diagnose, cure, treat or prevent disease. They are deductible to the extent that they exceed 7.5% of adjusted gross income, or, if the taxpayer is subject to the alternative minimum tax, 10% of AGI, said Stephen Dale, a Walnut Creek attorney and member of the Special Needs Alliance, a nonprofit group made up of attorneys specializing in disability law.

So, if you have \$50,000 in adjusted gross income, your medical expenses can be deducted if they are more than \$3,750 or \$5,000, respectively.

That makes medical expense write-offs relatively rare for people with fairly standard expenses, such as prescriptions and co-payments, except in unusual years when these individuals might be paying for a one-time event such as laser eye surgery, orthodontia or a fertility treatment, for example.

For people with chronic ailments, the cost of healthcare can be so high that the threshold is easy to clear. And in many cases, expenses that taxpayers wouldn't necessarily think to write off are valid.

What's deductible and what's not? Once you get past the obvious -- prescriptions, co-payments, medical tests, insurance premiums, dentistry, orthodontia -- the answer is almost anything prescribed by a doctor. This can range from artificial limbs to therapy, whether the therapy is for physical, emotional or speech issues.

Valid deductions can include education expenses for tutoring and tuition at schools designed for special needs kids. If you needed to outfit a van to accommodate a wheelchair, that cost can be deductible too. Retrofitting your home, like the Greenwells did, is deductible when you're dealing with a disabled child or an elderly taxpayer. Even putting in an elevator can be a valid medical expense for the right taxpayer, Dale said.

"Elevators are really common," he said. "They can cost \$75,000 to \$100,000, but they're often the difference between being able to stay home or having to move into nursing care."

Other valid deductions:

- \* Weight-loss programs, from diets to surgery, for someone whose doctor prescribes them to treat obesity.

- \* Smoking cessation treatments.

- \* The cost of transporting a sick dependent to doctors, therapists or special schools. If the transportation is by car, medical mileage is written off at a rate of 20 cents a mile.

- \* Tuition and fees to attend conferences related to a taxpayer's or dependent's ailment, as well as books and other materials necessary to learn about treating a dependent's disease.

- \* Lodging when accompanying a minor dependent to an out-of-town treatment; Krooks noted that this is limited to \$50 per person per night.

- \* Wages for nursing services.

- \* Crutches, hearing aids, false teeth and contact lenses.

- \* The cost of a rehabilitation center for drug or alcohol addiction.

- \* Lead-based paint removal.

- \* The medical care portion of the fees paid to a retirement home or life-care center.

- \* The cost of some special diets, such as those used to treat autism.

"Some things are clear, others are gray areas," Krooks said. "But none of these deductions are particularly aggressive."

Still, he said, taxpayers should be sure to keep good records and maintain them for at least six years. Although the IRS technically can go back only three years in a standard audit, the agency has the right to look back further if there was a "substantial underpayment" of tax, he said. (When fraud is alleged, there's no statute of limitations.)

"If deductions are taken in good faith, even if the IRS doesn't agree with you, you're generally not hit with penalties," he said. "But, you have to keep good records."

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