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## MEDICAL EXPENSE DEDUCTIONS

By Victor Sy, CPA, MBA

You may deduct medical expenses only to the extent that expenses for doctors, drugs, insurance, etc. exceed 7.5% of your adjusted gross income. This means that you lose the first 7.5%. Only the excess is deductible. This is called for budget deficit reduction, folks.

1. Only prescribed drugs are deductible. Over-the-counter drugs are not, except for insulin.
2. Medical expenses of a dependent (child, parent, and other relatives) may be deductible even if the dependent fails the gross income test and could not be claimed as a dependent.
3. The IRS just issued a Revenue Ruling stating that the cost of stop-smoking programs and prescribed drugs to alleviate nicotine withdrawal are deductible expenses (non-prescribed nicotine gums and patches are still not deductible).
4. Along the same reasoning, the cost of weight reduction programs to cure a specific disease is deductible. Similar costs to improve a sense of general well being are not.
5. Amounts for psychiatric treatment of sexual inadequacy which do not afflict our readers are deductible. Marriage counseling fees are not deductible either.
6. Hair transplants that are essential to mental health are deductible; tattooing and ear piercing are not.
7. Insurance premiums to replace contact lenses if these are lost or damaged are deductible.
8. You may deduct lodging expenses while away from home to secure medical treatment. The patient has to be under the care of a physician at a hospital or outpatient clinic. The maximum amount is \$50 per night for patient and attendant. No deduction is allowed for food and vacation.
9. You may deduct standard travel mileage for medical purposes at **19 cents per mile from 01/01/11-06/30/11** and **23.50 cents per mile from 07/01/11-12/31/11**.
10. Because more and more of us can no longer tolerate our faces and bodies as nature made them, we turn to nose lift, front lift, fork lift. A new section of the Internal Revenue Code prohibits cosmetic surgery as a tax deduction unless the procedure is necessary to ameliorate a deformity arising from a congenital abnormality or personal injury from an accident or disfiguring disease. Sorry.
11. You may deduct long-term care insurance premiums and long-term care expenses as medical expenses. Your employer can also provide long-term care insurance to you as a tax-free fringe benefit.
12. You may deduct contributions to a new medical savings account (MSA) if you are covered by a high-deductible health plan.

13. Deductions for Medical Insurance Premiums For Self-Employed individuals are now 100% deductible. (TIP: Hire your spouse as a legitimate employee, make him/her work ☺, then pay and deduct his/her medical benefits. Oh yes, cover the children, too.

**Developments:**

- The IRS recently allowed abortions, vasectomies, the cost of attending a conference relating to a dependent's disease, cosmetic surgeries directly related to congenital abnormalities, personal injury and trauma.
- The IRS has not allowed medical expenses relating to cosmetic surgery to improve appearance.
- The cost of teeth whitening is not deductible.
- Blood sugar kits for diabetics may be deductible.
- Crutches and bandages to help someone may be deductible.
- IRS stated that hearing aid repair expenses are qualified medical expense for Flexible Spending Account.
- Breast pumps and supplies that assist lactation are considered to be medical care