



# Things to Think About!

## Check it Out

By Karen Morgan

Need more information? The following are a few helpful links as you begin your search for tax deduction information:

IRS Forms & Publications  
Can be found at  
[www.irs.gov](http://www.irs.gov)

Peoples Financial Services  
*(Information guide to commonly asked questions and missed deductions (search by state))*  
[www.peoplestax.com](http://www.peoplestax.com)

The In-Depth Guide to Taxes  
<http://www.taxesindepth.com>  
*(click on "deductions")*

### Looking ahead...

Watch for next months newsletter on "Places to go and things to do" to help you find ways to keep busy over your long summer break.

If you have a topic you would like to see covered in our newsletter, or have a specific question that we can answer directly, please feel free to contact us anytime through the following email address...

[snrproject@hotmail.com](mailto:snrproject@hotmail.com)

To see more of what we have to offer, please visit our website at  
[www.snrproject.com](http://www.snrproject.com).

## Income Taxes and Medical Deductions.

By Linda Jorgensen

### Income Taxes, Medical Deductions and the Special Needs Family



It's May and all over the United States taxpayers are breathing a collective sigh of relief. Income tax returns have been filed; taxes have been paid or refund checks received. The dreaded tax season is over for yet another year. Or is it?

According to the **2004 IRS Data book**, 224,392,821 total Federal income tax returns were filed for the 2004 tax year. A large majority of those filing taxes this past year did not receive the full refund amount they are entitled to, or paid a higher tax than necessary. Numbers of individuals filing tax returns but over paying or not receiving full refunds are estimated to be as high as 60% of total filers in the U.S.

The difference between owing taxes and receiving a refund check often comes down to one word. Deductions.

You can always claim the standard deduction, which is often the best bet for people with simple tax situations.

But depending on your mortgage interest, charitable gifts, medical expenses and state taxes, your actual deductions could be several times the standard deduction, in which case you are missing out if you don't itemize.

Are you receiving the entire refund due you and your family? Simple record keeping or accounting mistakes could be keeping you from receiving the full refund amount owed to you.

All Medical and Dental deductions for Federal income tax returns are figured using the **IRS Publication 502 Medical and Dental Expenses (Including the Health Coverage Tax Credit)**. Each state has it's own formula for the amount of medical and dental expenses which are deducted. The Federal Guidelines are the basis for what is and is not deductible. For instance, Arizona residents are allowed to deduct 100% of their medical and dental costs whereas residents of the state of Utah are allowed to deduct only those expenses that exceed 7.5% of income.

7.5 % can seem like a high hurdle but the IRS Publication 502 has a whole laundry list of deductions which, when added up can result in a substantial amount.

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To help your search for deductions, here is a list of medical and dental items that are often overlooked.

**Certain Home Improvements.** These must be made to a home to accommodate the disabled condition of you, your spouse, or dependant. These improvements can include but are not limited to

- Constructing entrance and exit ramps
- Widening doorways.
- Modifying hardware on doors.
- Adding handrails or safety bars anywhere (whether or not in the bathroom)

**Car.** Costs of special hand controls or other special equipment used to transport some one with a disability. The difference between the cost of a regular car and a car/van specially designed to hold a wheelchair.

**Guide Dog.** You can include the cost of a dog or other animal trained to assist persons with physical disabilities. Amounts you pay for the care of these specially trained animals are also medical expenses.

**Lodging.** Costs of meals and lodging when receiving treatment essential to medical care but not provided by the facility.

**Medical Conferences.** The medical conference must be primarily for and necessary to the medical care of you, your spouse, or your dependant. The majority of the time spent at the conference must be in attending sessions on medical information.

*Caution! Meals and lodging while attending the conference is not deductible as a medical expense.*

**Transportation.** You can include out-of-pocket expenses for gas and oil, when you use a car for medical reasons. Or, if you do not want to use your actual costs you can use a standard rate of 14 cents a mile for car use for medical reasons.

*Attention! Due to current high petroleum costs, it may be more beneficial to track actual gasoline & oil expenses than to claim mileage. Keep all receipts for review at next year's tax time to determine your best option.*

It is important for families with ongoing medical costs to keep records of their expenses on file during the year. At tax time this information will be vital in preparing your claim.

SNRP recommends a professional tax preparer would be beneficial in states where the tax code changes frequently. A trained tax accountant can help answer questions and assist you in gaining the full refund due you.

We have sampled just a few of the medical deductions available. Hardware, Equipment, Maintenance, Utilities...many of these categories have deductions that may be applicable to your situation. With some effort in researching or consulting with a tax professional, you can identify the deductions that will apply to you. For a more comprehensive listing of medical deductions go to the IRS link at left and click on publication 502.

