

Medical and Dental Expenses

If you itemize your deductions on Form 1040, Schedule A, you may be able to deduct expenses you paid in 2010 for medical care – including dental – for yourself, your spouse, and your dependents. Here are six things the IRS wants you to know about medical and dental expenses and other benefits.

1. You may deduct only the amount by which your total medical care expenses for the year exceed 7.5 percent of your adjusted gross income. You do this calculation on Form 1040, Schedule A in computing the amount deductible.
2. You can only include the medical expenses you paid during the year. Your total medical expenses for the year must be reduced by any reimbursement. It makes no difference if you receive the reimbursement or if it is paid directly to the doctor or hospital.
3. You may include qualified medical expenses you pay for yourself, your spouse, and your dependents, including a person you claim as a dependent under a multiple support agreement. If either parent claims a child as a dependent under the rules for divorced or separated parents, each parent may deduct the medical expenses he or she actually pays for the child. You can also deduct medical expenses you paid for someone who would have qualified as your dependent except that the person didn't meet the gross income or joint return test.
4. A deduction is allowed only for expenses primarily paid for the prevention or alleviation of a physical or mental defect or illness. Medical care expenses include payments for the diagnosis, cure, mitigation, treatment, or prevention of disease, or treatment affecting any structure or function of the body. The cost of drugs is deductible only for drugs that require a prescription except for insulin.
5. You may deduct transportation costs primarily for and essential to medical care that qualify as medical expenses. The actual fare for a taxi, bus, train, or ambulance may be deducted. If you use your car for medical transportation, you can deduct actual out-of-pocket expenses such as gas and oil, or you can deduct the standard mileage rate for medical expenses. With either method you may include tolls and parking fees.
6. Distributions from Health Savings Accounts and withdrawals from Flexible Spending Arrangements may be tax free if you pay qualified medical expenses. For additional information on medical deductions and benefits, see Publication 502, Medical and Dental Expenses or Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, available at <http://www.irs.gov> or by calling 800-TAXFORM (800-829-3676).