

TAX TALK
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DO LONG-TERM CARE EXPENSES QUALIFY AS MEDICAL EXPENSE?

A common question that arises each tax season is whether the cost of long-term care, such as in home caregivers are deductible on an individual tax return as medical expenses.

The good news is that the answer is yes as long as certain requirements are met. As with all medical expense deductions, the expenses must exceed 7.5% of the taxpayers' Adjusted Gross Income (AGI).

According to the Internal Revenue Code "qualified long-term care services", meaning those necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services which are required by a chronically ill individual and are provided pursuant to a plan of care prescribed by a licensed care practitioner are deductible medical expenses.

The code also defines the term "chronically ill individual" as one who has been certified by a licensed health care practitioner as unable to perform at least two of six specified activities of daily living (ADLs) (eating, toileting, transferring, bathing, dressing and continence) for at least 90 days due to a loss of functional capacity or requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

Can I get the deduction for my parent's long-term care expenses?

Once again the answer is yes as long as certain conditions are met. The first condition is that medical expenses are deductible only by the taxpayer that actually makes the payment. For this reason it is imperative that any medical expenses are paid directly to the medical provider and not to the dependent (in this case a parent) as a reimbursement.

The second hurdle is that your parent must qualify as a dependent. The definition of a dependent for medical expenses is slightly different than the definition used to claim a dependency deduction. The definition of a dependent for medical expense purposes is:

- a child, parent, sibling, grandparent, aunt, uncle, niece or nephew
- individual for which the taxpayer provided more than one-half of his/her support for the year

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Although there is a limitation on the amount of income the potential dependent is allowed to earn for the dependency deduction, there is no such restriction when qualifying dependents for the medical deduction.

Conclusion

This article highlights the general provisions of deducting long-term care expenses as medical deductions on an individual tax return. This area can be quite complex and may involve significant amounts of money. I would always advise anyone seeking to deduct such expenses to consult a tax professional.