

# Medical Expense Deduction Percentage Aging Out



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**Taxpayers over age 65 need to take advantage of the lower medical expense deduction in 2016 before it is gone.**

Most income taxpayers are aware that they can claim a deduction, on Schedule A, for medical and/or dental expense incurred during the year on their Federal Income Tax Return. The deduction applies to expenses incurred by your spouse, dependents and you. The Internal Revenue Service defines medical expenses as “payments for the diagnosis, cure, mitigation, treatment, or prevention of disease, or payments for treatments affecting any structure or function of the body.” This includes payments made to “doctors, dentists, surgeons, chiropractors, psychiatrists, psychologists, and nontraditional medical practitioners” and for in-patient hospital care or residential nursing home care, including the cost of meals and lodging charged by the hospital or nursing home, in-patient rehabilitation treatment (drugs, alcohol, etc.), weight-loss program (restrictions apply), and for prescription drugs, reading or prescription eyeglasses or contact lenses, hearing aids, crutches, wheelchairs, and for guide dogs for the blind or deaf. The deduction also includes the payment of insurance policy premiums, including long-term care services.

However, the deduction is not available to everyone as eligibility requires: i) the taxpayer to itemize their income tax deductions (medical expenses, charitable deductions, certain taxes paid and home-related costs) and not claim a standard deduction (itemized expenses must exceed the standard deduction amount); and ii) medical costs that exceed a percentage of the taxpayer’s adjusted gross income (AGI). In tax year 2016, the medical expense deduction is available to taxpayers under age 65 who have medical costs that exceed ten (10%) percent of their AGI. Taxpayers over age 65 are eligible to utilize the medical expense deduction if their medical costs exceed seven and one-half percent of their AGI.

It is important to note that 2016 is the last tax year the lower percentage will be available to taxpayers over the age of 65 years. Beginning on January 1, 2017, unless legislation is passed, the percentage will revert back to ten percent for all taxpayers. So, if you are over age 65, and you, a spouse or dependent family member are contemplating an expensive medical procedure it would be best to have it take place in 2016 to utilize the lower eligibility requirement. ♦

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