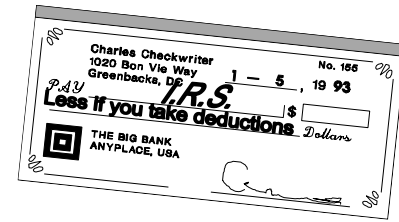




LOVE THOSE MEDICAL EXPENSES



If you think no one cares about you, don't file a federal tax return this year! Because it can take more brain power to fill out the income tax forms than it does to actually make the income, April 15th is a date that puts fear in the hearts of many. To keep your heart from racing as you calculate your taxes this year, HAPS contacted C.P.A. and attorney, Carol A. Cantrell with Briggs & Veselka, who volunteered the following information to help you can take all the deductions that are available to you. There may be more categories of deductible medical expenses than you think.

- ♥ **Legitimate medical services** provided by medical doctors, surgeons, osteopathic doctors, dentists, eye doctors, nurses, chiropractors, podiatrists, psychiatrists, psychologists, physical therapists and acupuncturists are deductible.
- ♥ **Medicine and drugs** are deductible when prescribed by a doctor, as is insulin. Over-the-counter medicine and drugs are non-deductible.
- ♥ **X-ray services** and **laboratory fees** are deductible.
- ♥ **Medical aids** such as wheelchairs, hearing aids and batteries, eyeglasses, contact lenses, crutches, braces and guide dogs are deductible.
- ♥ **Transportation costs** to obtain medical care such as ambulance service, bus, taxi, train, plane, parking fees, tools. You can deduct the use of your personal vehicle at 12 cents per mile or the actual cost of gas and oil for 2003 and 14 cents per mile for mileage incurred beginning in 2004.
- ♥ **Lodging expenses** incurred while away from home primarily for medical care are deductible for the individual and a person who must accompany the person seeking medical care up to \$50 per night per person.
- ♥ **Medical conferences** that are related to the chronic illness of a taxpayer are deductible but meals and lodging while attending the conference are nondeductible.
- ♥ **Nursing and medical care.** Deduct wages, employment taxes and other amounts (such as attendants' meals) paid for nursing and medical care services connected with caring for a patient's condition. This also includes help dressing, grooming, bathing, and walking. Care can be provided by any person or company, including a member of the taxpayer's or patient's family, if the services meet the definition of medical care. However, long-term care services performed by a relative are not deductible (see below).
- ♥ **Household help** for personal and household services is not deductible.
- ♥ **Exercise programs** are deductible if doctor recommended as treatment for a specific condition.

HOME IMPROVEMENTS

- ♥ **Certain structural changes** required by a handicapped individual that do not increase the value of the house are fully deductible, such as entrance or exit ramps, wider doorways or hallways, railings, support bars, modified door hardware and other bathroom or kitchen modifications needed to accommodate the physical handicap.
- ♥ **Reclining chairs** can even be deducted if bought on a doctor's advice rather than as furniture.
- ♥ **Detachable home installations** such as air conditioners, heaters, humidifiers and air cleansers used for the benefit of a sick person are deductible.
- ♥ **Swimming pools** can be deductible, if prescribed for therapeutic purposes.

LONG-TERM CARE INSURANCE/EXPENSES

- ♥ **Long-term care insurance premiums** are deductible to the extent they do not exceed certain annual limits that depend on the age of the insured. For example, a person who is between age 60 and 70 may deduct long-term care insurance premiums of \$2,000 each year.
- ♥ **Long-term care and nursing home** costs are deductible if the main reason they are incurred is to obtain medical care. If so, the entire cost for medical care, including meals and lodging **is** deductible. However, long-term care services provided by a spouse or relative are not deductible unless that person is a licensed professional.
- ♥ **Insurance premiums** for medical care coverage, including Medicare insurance (part B) or Medicare (Part A) if voluntarily enrolled and not covered under Social Security. Deductible medical costs must be reduced by any insurance reimbursements received. Excess reimbursements are taxable only to the extent they were provided for under an employer plan and were not included in income.
- ♥ **Lifetime care advance** payments are deductible if part of the advance fee is allocated to medical care; the percentage must be specified by the retirement home in the agreement.

If you are interested in a more detailed accounting you can check out the 30 page IRS publication 502 found at www.IRS.gov or email your questions to Carol Cantrell at ccantrell@bvccpa.com.