

Medical Expenses

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It appears that there's a local tax preparer who is/was advising taxpayers that they should have cosmetic surgery in order to increase their medical expenses to reduce their taxes. Not only that, this tax preparer is/was also allowing taxpayers to deduct the cost of medical and dental insurance paid with pre-tax income. Neither of these are legitimate deductions.

Assuming you can benefit from deducting your medical expenses (or those of your spouse or dependents), the following is a general, but not inclusive, list of what is allowed, if paid to a doctor, surgeon, dentist, chiropractor, psychiatrist or psychologist. Please consult a qualified tax professional if you have incurred items that are not on this list that you believe may be deductible:

1. Medical, dental, accident and health and a limited amount of qualified long-term care insurance
2. Medical and dental expenses paid to diagnosis a condition
3. Medical and dental expenses to treat, prevent, or cure a condition – this includes hospital services, qualified long-term care services, nursing services, laboratory fees, acupuncture treatments and inpatient treatment at a center for alcohol or drug addiction
4. Prescription drugs, prescription eyeglasses or prescription contact lenses
5. Insulin
6. The cost of a program to help you stop smoking
7. The cost of a weight-loss program IF you are participating in the program because your physician diagnosed you with a specific disease such as obesity or diabetes AND told you to participate in the weight-loss program in order to help treat this disease
8. False teeth
9. laser eye surgery
10. hearing aids
11. crutches, wheelchairs, and guide dogs for the blind or deaf
12. Transportation cost incurred to obtain deductible medical care

The following are some expenses, which are NOT deductible medical expenses:

1. most cosmetic surgery
2. Insurance premiums paid by your employer-sponsored health insurance plan (cafeteria plan) unless they are included in your gross wages
3. diet food
4. over-the-counter medicines and vitamins
5. any medical or dental expense for which you were reimbursed for or that was paid directly to the doctor or hospital/health club dues
6. non-prescription nicotine gum and non-prescription nicotine patches

Please keep in mind that in order to benefit from payment of medical and dental expenses you must itemize your deductions. In addition, the amount of your medical and dental expenses must exceed 7.5% of your adjusted gross income (AGI) before it is potentially deductible. And, your total itemized deductions must exceed your standard deduction for you to obtain any benefit.

Gina L. Gwozdz is a CPA who has chosen to specialize in taxes. Visit her website at <http://GLGcpa.com> to view more Tax Tip Articles.