

Re: 2023 Tax Planning: Medical and Dental Expenses

Dear Client:

Medical expenses can trim taxes. Keeping good records and knowing what to deduct make all the difference. Taxpayers can only claim medical expenses that they paid for if they itemize deductions on a federal tax return. Taxpayers can deduct most medical and dental costs that they paid for themselves, their spouses, and their dependents. The Consolidated Appropriations Act, 2021 included changes to tax benefits for medical expenses. The Act provides for a permanent reduction in the medical expense deduction threshold from 10% to 7.5% of adjusted gross income.

Qualifying Expenses. In order to be eligible for the medical expense deduction, an individual's expenses must be paid for medical care. Expenses for medical care include payments for medical or dental services, prescribed medicine and drugs, insulin, medical equipment and supplies, medical insurance premiums, transportation needed to get medical care, and many other medical-related expenses. Although capital expenditures for home improvements and similar items are generally not deductible, if the purpose of a capital expenditure is for the medical care of an individual or the individual's spouse or dependents, the cost can be deductible.

Contact Us

Please call our office if you would like assistance on reviewing your individual income tax situation to understand how you may benefit from these tax changes that apply to medical and dental costs.

Sincerely,

EWK Legal, Tax & Accounting Services

For clients who claim medical and dental expenses and/or a credit for health insurance costs. (03/16/2023)