



# Things to Think About!

## Income Taxes and the Special Needs Family

By Linda Jorgensen

The dreaded tax season is almost upon us. Taxpayers all across the country are beginning to ramp up their preparations for the 2015 tax filing season. Locating receipts, gathering documents, figuring out which IRS forms to file and waiting for the annual W-2 form from employers to arrive in the mail in readiness for that all important appointment with the tax preparer.

Many families keep a regular file for tax information gathered over the year while others find they must make a mad scramble to find all the information they need in order to file by the April 15<sup>th</sup> deadline. For many families a more organized approach reaps the most benefits. Why? Because they are able to itemize their tax deductions and file the long form using information that has been saved all year long just for this purpose.

According to the **IRS Data Book**, published yearly, a large majority of those filing taxes in the past year did not receive the full refund amount they were entitled to, or paid a higher tax than necessary. Numbers of individuals filing tax returns but over paying or not receiving full refunds are estimated to be as high as 60% of total filers in the U.S. This number has not changed in a very long time.

The difference between owing taxes and receiving a refund check often comes down to one word. Deductions.

You can always file a standard deduction, which is often the best bet for people with simple tax situations. But depending on your mortgage interest, charitable gifts, medical expenses, state taxes and other deductions your actual deductions could be several times the standard deduction, in which case you are missing out if you don't itemize. Simple record keeping or accounting errors could be keeping you from receiving the full refund amount owed to you.

All Medical and Dental deductions for Federal income taxes are figured using the **IRS Publication 502 Medical and Dental Expenses**. Each state has its own formula for the amount of medical and dental expenses which are deducted using the Federal Guidelines as the basis for what is and is not deductible in that state. Given the current economic climate state income tax rates are in an almost constant state of flux, making it difficult for residents to keep track of current tax allowances. We have found consulting with a professional tax accountant is an excellent choice when preparing our yearly taxes. She often finds more deductions that we are eligible for but had not thought about. And since her fees are an allowable tax deduction, too, it does pay to have professional help in filing our taxes.

To help you search for deductions, here is a list of medical and dental items that are often over looked. Some are also new for this tax year.

**Certain Home Improvements.** These must be made to a home to accommodate the disabled condition of you, your spouse, or dependent. These improvements can include but are not limited to

- Constructing entrance and exit ramps
- Widening doorways and adapting thresholds to meet ADA standards
- Modifying hardware on door.
- Adding handrails or safety bars anywhere (does not have to be limited to the bathroom only. Handrails are often appropriate in the kitchen, as a second side rail on stairs and in bedrooms)

**Car.** Costs of special hand controls or other special equipment used to transport someone with a disability. The difference between the cost of a regular car and a car/van specially designed to hold a wheelchair.

**Guide Dog.** You can include the cost of a dog or other animal trained to assist persons with physical disabilities. Amounts you pay for the care of these specially trained animals are also medical expenses.

**Special Home for Intellectually and Developmentally Disabled.** You can include in medical expenses the cost of keeping a person who is intellectually and developmentally disabled in a special home, not the home of a relative, on the recommendation of a psychiatrist to help the person adjust from life in a mental hospital to community living.

**Lead-Based Paint Removal.** You can include in medical expenses the cost of removing lead-based paints from surfaces in your home to prevent a child who has or had lead poisoning from eating the paint. These surfaces must be in poor repair (peeling or cracking) or within the child's reach. The cost of repainting the repaired area is NOT a medical expense.

**Lodging.** Costs of meals and lodging when receiving treatment essential to medical care but not provided by the treatment facility.

**Medical Conferences.** The medical conference must be primarily for and necessary to the medical care of you, your spouse, or your dependant. The majority of the time spent at the conference must be in attending sessions providing medical information.

**Caution! Meals and lodging while attending the conference is NOT deductible as a medical expense.**

**Special Education.** You can include in medical expenses fees you pay on a doctor's recommendation for a child's tutoring by a teacher who is specially trained and qualified to work with children who have learning disabilities caused by mental or physical impairments, including nervous system disorders. Costs can include tuition, meals and lodging for schools away from home, etc. A doctor MUST recommend that the child attend the school.

**Caution! You cannot include in medical expenses the cost of sending a child to a school where the availability of medical care/treatment is not a principle reason for sending the student there.**

**Therapy.** You can include in medical expenses amounts you pay for therapy you receive as medical treatment.

**Wheelchair.** You can include in medical expenses amounts you pay for a wheelchair used mainly for the relief of sickness or disability, and not just to provide transportation to and from work. The cost of operating and maintaining the wheelchair is also a medical expense. Items needed for the chair to function could include:

- Replacement Batteries
- Replacement tires and castors.
- Seating system repairs or upgrades.
- Seat covers.
- Yearly maintenance

**Please see IRS Publication 502 Medical and Dental Expenses (Including the Health Coverage Tax Credit) 2015 Returns for full information**

It is important for families with ongoing medical costs to keep records of their expenses on file during the year. At tax time this information will be vital in preparing your claim.

SNRP suggests a professional tax preparer would be most helpful in preparing an itemized tax return. A trained tax accountant can help answer questions and assist you in gaining the full refund due you.

We have sampled just a few of the many deductions, medical and otherwise, that may be available to you. With some effort in research and consulting with a tax professional, you can identify the deductions that apply to you. A more comprehensive list of possible tax deductions can be found if you enter **IRS Publication 502 Medical and Dental Expenses (Including the Health Coverage Tax Credit)** into your search browser. You may be surprised at what you find!

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