

Deductibility of Facility Costs as a Medical Expense

Question: Can you deduct the cost of a nursing home or similar institution on your personal tax return?

Answer – it depends on the reason you are there. If it is primarily for medical or nursing care, the answer is yes. As to the cost of meals and lodging. These costs are not deductible if the reason for being in the home is personal.

What can be included?

- Wages / other amounts paid for nursing services – need not be performed by a nurse so long as the services are the kind generally performed by a nurse
- Cannot deduct any portion of the payment made for the provision of personal and household services such as doing laundry – but might be able to deduct if these services are primarily provided to a chronically ill individual who needs assistance with their disabilities including protecting them from health and safety threats due to severe cognitive impairment

What kinds of services might be included?

- Administration of medication
- Dressing changes
- Bathing
- Grooming

Where can these services be provided?

- Home
- Care facility

What is the tax treatment?

- Deductible on Schedule A as a medical expense
- General rule – can deduct that amount which exceeds 7.5% of AGI

Whose expenses can you deduct (if you pay for them)?

- Taxpayer
- Spouse - treated equally if paid from community funds, if paid from separate funds only individual who paid can include
- Dependent – could be qualifying child or qualifying relative

Resources:

- IRS Publication 502, Medical and Dental Expenses