

TAX YEAR 2023 ITEMIZED DEDUCTIONS GUIDELINE

MEDICAL AND DENTAL EXPENSES

Medical expenses are deductible only if your out-of-pocket expenses exceed 7.5% of your adjusted gross income (AGI).

Medical expenses are the costs of diagnosis, cure, treatment, or prevention of a physical or mental illness, disease, or defect. Medical expenses are deductible in the year paid, regardless of when the services were provided. Only amounts paid out-of-pocket with after-tax-dollars are deductible. Medical expenses paid with a pre-tax, Section 125 Plan or Health Savings Account are not deductible.

The following items are among those generally deductible as medical expenses:

- Alcohol and drug treatment, including inpatient care
- Ambulance services
- Dental care including cleaning, orthodontia, oral surgery, and dentures
- Education expenses of a physically or mentally impaired individual if the school provides special education for a diagnosed medical condition
- Exercise or weight loss program prescribed by doctor for a specific medical condition
- Eyeglasses, contact lenses and supplies, and laser eye surgery
- Home improvements and specialized equipment if the main purpose is to provide a medical benefit ^(SEP) such as ramps and railings or special telephone equipment for hearing impaired
- Hospitalization and medical treatments
- Insurance premiums for medical and dental care (*including Medicare*)
- Laboratory tests, X-rays, and diagnostics
- Long-term care insurance (*with limits*) and long-term care expenses
- Medical equipment and supplies including needles, crutches, bandages, oxygen equipment, prosthetic ^(SEP) limbs, wheelchairs, hearing aids and batteries, and guide dogs
- Nursing home care and in-home nursing care
- Prescription medicine and drugs, including insulin
- Services provided by medical professionals including doctors, surgeons, psychiatrists, physical ^(SEP) therapists, eye doctors, chiropractors, acupuncturists, etc.
- Smoking cessation programs, with prescription. *Drugs that do not require a prescription are not ^(SEP) deductible.*
- Transportation expenses to obtain medical care including, mileage, parking, tolls, and hotel expenses for overnight stays (per diem limits apply for overnight stays)

Non-Deductible Expenses:

- Cosmetic surgery except to correct a deformity due to accident, disease or congenital defect
- Funeral expenses
- Health club dues
- Over-the-counter medicines, medicine purchased from another country, medical marijuana
- Teeth whitening
- Vitamins and nutritional supplements unless prescribed by a medical professional

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Contact us if there are any questions on the above.

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TAXES YOU PAID

- State income taxes withheld and/or paid
- Additional tax paid on prior year state return
- State taxes paid on an amended return
- Estimated state taxes paid
- Personal property taxes
- Local income taxes
- Real estate taxes on personal residence, co-op or condo, second home, and all real property owned
- Real estate taxes are typically allocated when you buy or sell a home
- Foreign income taxes (*The Foreign tax credit may be more beneficial.*)
- Auto license fees, tax portion based on auto value (excludes registration fees)
- Sales tax in lieu of state income taxes

State and local tax deductions are limited to \$5,000/person

Non-deductible taxes include: interest and penalties on late paid taxes, federal income and excise taxes, federal estate and gift taxes, custom duties, fines and penalties for violation of the law, license fees, Social Security & Medicare taxes.

INTEREST YOU PAID

- Home mortgage interest and points paid to acquire or improve a primary residence and second home (referred to as Acquisition Debt). Acquisition debt is limited to \$750,000 for determining qualified residence interest. In addition, interest on home equity debt may also be deductible only if it used for home improvement purposes. Use of home equity loans for purposes other than home improvement is not deductible.
- Origination fees or points paid to purchase a home or refinance a loan (*Note: Refinanced points may need to be amortized.*)

GIFTS TO CHARITY

For information on charitable deductions, please see the “Charitable Contributions” Advisor

CASUALTY AND THEFT LOSSES

Non-business losses must be unreimbursed and exceed 10% of your adjusted gross income plus \$100. Business losses are fully deductible on the Casualties and Thefts form.

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MISCELLANEOUS DEDUCTIONS

- Amortization of bond premium (*Bonds issued before 10/23/1986*)
- Federal estate tax on income of a decedent
- Gambling losses (*to the extent of winnings*)
- Jury pay given to employer (*if already included in income*)
- Repayment of previously taxed income, subject to limitations and other rules
- Unrecovered investment in annuity on decedent's final return
- Work related expenses of a disabled individual (*Medical expense related*)

NON-DEDUCTIBLE EXPENSES

- Out-of-pocket employee business expenses
- Expenses to produce tax exempt income
- Loss from sale of personal residence
- Political contributions
- Gambling losses in excess of gambling winnings
- Hobby losses in excess of hobby income
- Legal fees for wills and estate planning