

# Deducting Medical Expenses for 2019 and Beyond

Under current tax law, medical expenses can be deducted as an itemized deduction on your federal income tax return only to the extent that they exceed 7.5% of adjusted gross income (AGI). This AGI threshold was in place for 2017 and 2018 under the Tax Cuts and Jobs Act (TCJA). And now it's been extended for 2019 and 2020 by the recent spending package President Trump signed into law on December 20, 2019.

Here's what you need to know to take advantage of this tax break.

## To Itemize or Not to Itemize?

First and foremost, to gain any tax-saving benefit from medical expenses, you must itemize deductions on your tax return rather than claim the standard deduction. Fewer people are claiming itemized deductions these days, because the TCJA nearly doubled the standard deduction amounts.

For 2019 and 2020, the basic standard deduction allowances are as follows:

### Standard Deduction Amounts for 2019 and 2020

Filing Status	2019	2020
Single or married filing separately	<ul style="list-style-type: none"><li>• \$12,200, or</li><li>• \$13,850 if you'll be 65 or older as of Dec. 31, 2019</li></ul>	<ul style="list-style-type: none"><li>• \$12,400, or</li><li>• \$14,050 if you'll be 65 or older as of Dec. 31, 2020</li></ul>
Married joint filers	<ul style="list-style-type: none"><li>• \$24,400,</li><li>• \$25,700 if one spouse will be 65 or older as of Dec. 31, 2019, or</li><li>• \$27,000 if both spouses will be 65 or older as of Dec. 31, 2019</li></ul>	<ul style="list-style-type: none"><li>• \$24,800,</li><li>• \$26,100 if one spouse will be 65 or older as of Dec. 31, 2020, or</li><li>• \$27,400 if both spouses will be 65 or older as of Dec. 31, 2020</li></ul>
Head of household	<ul style="list-style-type: none"><li>• \$18,350, or</li><li>• \$20,000 if you'll be 65 or older as of Dec. 31, 2019</li></ul>	<ul style="list-style-type: none"><li>• \$18,650, or</li><li>• \$20,300 if you'll be 65 or older as of Dec. 31, 2020</li></ul>

After 2025, standard deductions are scheduled to return to pre-TCJA levels.

Another reason that fewer people will itemize deductions is that the TCJA limits itemized deductions for all categories of state and local taxes to \$10,000 combined (or \$5,000 if you're married and file separate returns). For people in high-tax states or with sizable income and property tax bills, this limitation can significantly lower itemized deductions for 2018 through 2025.

Your tax advisor can help determine whether it makes more sense for you to itemize or claim the standard deduction. For some taxpayers, it may be advantageous to "bunch" itemizable deductions in alternating years and then take the standard deduction in between.

## AGI Threshold

Another restriction on deducting medical expenses is the AGI threshold, which is currently set at 7.5%. AGI includes all taxable income items and selected write-offs such as:

- Deductible IRA contributions,
- Teacher expenses,
- Self-employed retirement plan contributions,
- Health Savings Account contributions, and
- Alimony payments required by pre-2019 divorce agreements.

The threshold will increase to 10% of AGI starting in 2021, unless Congress passes legislation to extend the current 7.5%-of-AGI deal.

**Important:** Some people believe that the TCJA increased the threshold from 7.5% of AGI to 10% of AGI. The TCJA actually *lowered* the threshold from 10% to 7.5%, but just for 2017 and 2018. That reduced threshold has now been extended for 2019 and 2020, under the Further Consolidated Appropriations Act, an omnibus spending package enacted on December 20, 2019.

Elective medical procedures, such as eye doctor appointments and dermatology treatments, can help you get over the AGI deduction threshold for a particular tax year. It's too late to schedule treatments to deduct on your 2019 tax return, but keep this in mind when planning for the 2020 tax year.

## Eligible Expenses

For itemized deduction purposes, medical care is defined as "procedures and care for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body." IRS regulations further stipulate that medical care includes medical, laboratory, surgical, dental, and other diagnostic and healing services. Care that's merely beneficial to your general health isn't medical care.

A wide range of medical costs are tax deductible. Examples of expenses that qualify as medical care include:

- Acupuncture,
- Artificial teeth,
- Vehicle accommodations (cost of special equipment so disabled person can drive),
- Chiropractic services,
- Dental care,
- Diagnostic devices,
- Eyeglasses,
- Hearing aids,
- Home improvements for medical purposes (to the extent they don't add to the value of your home),
- Insurance premiums for health coverage, including age-based premiums for qualified long-term care insurance,
- Laboratory fees,
- Long-term care services,

- Meals (while staying in hospital or similar facility),
- Medicare insurance premiums,
- Nursing home expenses,
- Optometrist services,
- Psychiatric care,
- Stop-smoking program,
- Weight-loss program (if part of treatment for specific disease or condition, such as obesity),
- Wheelchair costs, and
- X-rays.

For a complete list, see [IRS Publication 502, "Medical and Dental Expenses."](#)

A portion of the fees paid to enter and reside in a continuing care retirement community can qualify as medical expenses for medical expense itemized deduction purposes. These fees can be substantial — so they can easily push you over the percent-of-AGI deduction threshold.

### **For More Information**

Did you spend enough on medical care to qualify for this tax break in 2019? We can help you compile a comprehensive list of eligible expenses and brainstorm strategies to maximize your itemized deduction for medical expenses in 2020 and beyond.

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