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# Deductions and Credits

## Itemized Deductions

Taxpayers have an option to itemize their deductions in lieu of claiming the standard deduction. For taxpayers whose standard deduction is higher, they may want to choose to itemize for state tax or other purposes. If the taxpayer makes this choice, check the box on Schedule A, Line 30.

## Medical and Dental Expenses

A taxpayer can deduct, on Schedule A, expenses not compensated by insurance or otherwise, for medical care of the taxpayer, spouse, and dependents that exceed 10% of AGI.

For 2013-2016, if the taxpayer or the spouse turns 65 before the end of the tax year, the threshold is 7.5% of AGI instead of 10%. Thus, the 10% threshold does not apply to seniors and their spouses until after 2016.

A taxpayer paying the medical expenses of an elderly parent is subject to the 10% threshold that applies to that taxpayer, not the 7.5% threshold that would apply if the parent were filing his or her own return.

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### EXAMPLE

Jake and Jan are married, filing a joint return. Jake was born in 1951 and Jan was born in 1952. At the end of 2015, Jake is age 64 and Jan is age 63. With both Jake and Jan under age 65, their medical expense deduction is subject to the 10% of AGI limitation.

In 2016, Jake is age 65 and Jan is age 64. With at least one of them age 65, their medical expense deduction for 2016 is subject to the 7.5% of AGI limitation.

If they file as MFS, the 7.5% limitation still applies to both Jake and Jan even though Jan is only age 64 in 2016. However, if they become divorced in 2016, then the 10% limitation applies to Jan for 2016.

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Medical care means amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness.

Medical expenses incurred on behalf of the taxpayer are deductible as well as the following expenses.

- Expenses for a spouse if married either at the time incurred or at the time paid.