

SCHOOL DEDUCTION INFORMATION FOR YOUR 2011 TAXES

The Hutson School, Inc. is providing the following tax information to our parents/guardians as a courtesy to inform parents/guardians of possible tax deductions. The Hutson School, Inc., including The Hutson School, Inc. employees, Board of Trustees, and volunteers cannot legally dispense tax advice to the parents/guardians of The Hutson School, Inc. Please contact your tax preparer for all school related tax deductions. For additional information, go to www.irs.gov and download Publication 907 and Publication 502 for a listing of other tax deductions that you may benefit from.

Revenue Ruling for Tuition Costs for Special Needs School

The Internal Revenue Service ruled that tuition costs for a special needs school that has a program designed to educate children with learning disabilities and amounts paid for a child's tutoring by a teacher specially trained and qualified to deal with severe learning disabilities may also be deducted. (Revenue Ruling 78-340, 1978-2 C.B. 124.) Special instruction or training or therapy, such as sign language instruction, speech therapy, and remedial reading instruction also would be deductible. Related books and materials can qualify for the medical expense deduction.

Generally, to qualify for the deduction, the child's doctor must recommend the special needs school, therapy, or tutoring, and there must be a medical diagnosis of a "NEUROLOGICAL DISORDER", such as severe learning disability, made by a medical professional. Transportation expenses to the special needs school or to the tutor also qualify for a medical expense deduction.

Diagnostic evaluations also qualify for a medical expense deduction. This can include testing by a psychologist, neurologist, or other person with professional qualifications.

NOTE: Expenses claimed as a medical expense deduction and later reimbursed by a school district or insurance company must be reported as taxable income for the year in which the reimbursements are received.

Deduction for Disability Related Conferences

The I.R.S. issued Revenue Ruling 200-24, states that parents/guardians who attend conferences to obtain medical information concerning treatment for and care of their child may deduct some of the costs of attending a medical conference relating to a dependent's chronic health condition.

Publications 502 (2011) and 907 (2011) Medical and Dental Expenses

What Expenses Can You Include This Year?

You can include only the medical and dental expenses you paid this year, regardless of when the services were provided (see *Decedent* under *Whose Medical Expenses Can You Include*, for an exception.) If you pay medical expenses by check, the day you mail or deliver the check generally is the date of payment. If you use a "pay-by-phone" or "online" account to pay your medical expenses, as well as those medical expenses you pay for a dependent, the date reported on the statement of the financial institution showing when payment was made is the date of payment. If you use a credit card, include medical expenses you charge to your credit card in the year the charge is made, not when you actually pay the amount charged.

If you did not claim a medical or dental expense that would have been deductible in an earlier year, you can file Form 1040X, Amended U.S. Individual Income Tax Return, for the year in which you overlooked the expense. Do not claim the expense on this year's return. Generally, an amended return must be filed within 3 years from the date the original return was filed or within 2 years from the time the tax was paid, whichever is later.

Publications 502 (2011) and 907 (2011) Medical and Dental Expenses, cont.
What Expenses Can You Include This Year, cont.

You cannot include medical expenses that were paid by insurance companies or other sources. This is true whether the payments were made directly to you, to the patient, or to the provider of the medical services {such as The Hutson School, Inc.}.

Separate Returns: If you and your spouse live in a non-community property state and file separate returns, each of you can include only the medical expenses each actually paid. Any medical expenses paid out of a joint checking account in which you and your spouse have the same interest are considered to have been paid equally by each of you, unless you can show otherwise.

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.

You can include in medical expenses the cost (tuition, meals, and lodging) of attending a school that furnishes special education to help a child to overcome learning disabilities. A doctor must recommend that the child attend the school. Overcoming the learning disabilities must be a principal reason for attending the school, and any ordinary education received must be incidental to the special education provided. Special education includes:

- Teaching Braille to a visually impaired person,
- Teaching lip reading to a hearing-impaired person, or
- Giving remedial language training to correct a condition caused by a birth defect

You cannot include in medical expenses the cost of sending a problem child to a school where the course of study and the disciplinary methods have a beneficial effect on the child's attitude if the availability of medical care in the school is not a principal reason for sending the student there.

Therapy

You can include in medical expenses amounts you pay for therapy received as medical treatment.

Transportation

You can include in medical expenses amounts paid for transportation primarily for and essential to, medical care.

Car Expenses. You can include out-of-pocket expenses, such as the cost of gas and oil, when you use a car for medical reasons. You cannot include depreciation, insurance, general repair, or maintenance expenses.

If you do not want to use your actual expenses, for 2011 you can use the standard medical mileage which changed in mid-year. For information concerning mid-year standard mileage change please review IR-2011-69, June 23, 2011 increased the medical miles from 19 cents a mile (effective January 1, 2011 to June 30, 2011) to 23.5 cents a mile (effective July 1, 2011 to December 31, 2011).

You can also include parking fees and tolls. You can add these fees and tolls to your medical expenses whether you use actual expenses or use the standard mileage rate.

Tuition

You can include charges for a health plan included in a lump-sum tuition fee if the charges are separately stated or can easily be obtained from the school or a tuition management company.