

## Medical Expenses

To qualify for an itemized deduction, generally the medical expenses you paid in 2005 have to add up to at least 7.5% of your adjusted gross income. Then, you are only permitted to deduct expenses that exceed that 7.5% mark.

For example, your adjusted gross income is \$100,000. If you spent \$10,000 on medical expenses for the year, you've reached the 7.5% threshold of \$7,500. You'll be able to deduct the rest of your medical expenses: \$2,500.

But unless all of your itemized deductions add up to more than the "standard deduction," it generally doesn't make sense to itemize. For the 2005 tax year, the standard deduction for people under age 65 is \$5,000 for singles and \$10,000 for spouses filing joint-tax returns.

For people who aren't self-employed, health-insurance premiums can generally be claimed as itemized medical expenses, unless you've paid for them on a pretax basis

For general guidelines on what qualifies as medical expenses, such as prescribed drugs, doctor's visits and hospital care, look at [Internal Revenue Service Publication 502](#).

For self-employed people, health insurance premiums can be listed as an "above-the-line" deduction rather than an itemized one. That means they directly reduce your taxable income.