

Medical Expense Tax Offset

All you need send in is your annual itemised statement – for all your family members - from:

- Medicare;
- your private health fund (not your annual premiums paid);
- eligible medical expenses not presented to Medicare and your private health fund; and
- chemists where you had prescriptions filled.

Net medical expenses are the medical expenses you have paid less any refunds you received, or could get, from Medicare or a private health fund. You can claim a tax offset of 20% – 20 cents in the dollar – of your net (out of pocket) medical expenses over \$2,000. There is no upper limit on the amount you can claim.

The medical expenses must be for:

- you or your spouse – married or de facto – regardless of their income;
- your children who were aged under 21 years, including adopted and stepchildren, regardless of their income;
- any other child aged under 21 years – not a student – who you maintained and whose adjusted taxable income was less than \$1,786 for the first child and less than \$1,410 for the second child and any subsequent children;
- a student aged under 25 years who you maintained and whose adjusted taxable income was less than \$1,786; or
- an invalid relative, parent or spouse's parent but only if you can claim a dependant tax offset.

You and your dependants must be Australian residents for tax purposes but you can claim medical expenses paid while travelling overseas.

Claimable medical expenses

You can claim expenses relating to an illness or operation paid to legally qualified doctors, nurses or chemists and public or private hospitals. However, expenses for some cosmetic operations are excluded.

Medical expenses which **qualify** for the tax offset also include payments:

- to dentists, orthodontists or registered dental mechanics;
- to opticians or optometrists, including for the cost of prescription spectacles or contact lenses;
- to a carer who looks after a person who is blind or permanently confined to a bed or wheelchair;
- for therapeutic treatment under the direction of a doctor;
- for medical aids prescribed by a doctor;
- for artificial limbs or eyes and hearing aids;
- for maintaining a properly trained dog for guiding or assisting people with a disability (but not for social therapy);
- for laser eye surgery; or
- for treatment under an in-vitro fertilisation program.

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Expenses which **do not qualify** for the tax offset include payments made for:

- cosmetic operations for which a Medicare benefit is not payable;
- dental services or treatment that are solely cosmetic;
- therapeutic treatment not formally referred by a doctor – a mere suggestion or recommendation by a doctor to the patient is not enough for the treatment to qualify; the patient must be referred to a particular person for specific treatment;
- chemist-type items – such as tablets for pain relief – purchased in retail outlets or health food stores;
- inoculations for overseas travel;
- non-prescribed vitamins or health foods;
- travel or accommodation expenses associated with medical treatment;
- contributions to a private health fund;
- purchases from a chemist that are not related to an illness or operation;
- life insurance medical examinations;
- ambulance charges and subscriptions; and
- funeral expenses.

Nursing home (residential aged care facility) expenses

You can claim payments made to nursing homes or hostels (not retirement homes) if:

- the payments were made to an approved care provider; **and**
- the payments were made for residential aged care received by an approved recipient; **and**
- the recipient was assessed as needing care at levels 1 to 7.

If you are not sure which level of care you (or the care recipient you are claiming the expense for) have been assessed as requiring, please contact the nursing home or hostel.

Residential aged care payments can be for:

- daily fees, income tested daily fees, extra service fees, accommodation charges, periodic payments of accommodation bonds, or amounts drawn from accommodation bonds paid as a lump sum.

The tax offset does not cover the following payments:

- lump sum payments of accommodation bonds;
- interest derived by care providers from the investment of accommodation bonds (because these are not payments for residential aged care);
- payments for people who were residents of a hostel before 1 October 1997 and who did not have a personal care subsidy or a respite care subsidy paid on their behalf at the personal care subsidy rate by the Commonwealth (unless they have subsequently been reassessed as requiring care at levels 1 to 7); or
- payments for people assessed as requiring level 8 care.

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