

Special Needs Answers

a community resource provided by the  Academy Of
Special Needs Planners

Search for More Articles:

Go

 [Print This Page](#)  [Email to Friend](#)

A Checklist of Tax Benefits for Parents of Special Needs Children

LAST UPDATED: 2/28/2008

Unique tax benefits are available to families with individuals who have special needs. The October 4, 2007, issue of [Steve Leimberg's Estate Planning Newsletter](#) features a checklist compiled by Thomas M. Brinker, Jr., a professor of accounting at Arcadia University in Pennsylvania, of some potential tax benefits that could be available to families who care for a special needs child.

Following is a summary of some of the deductions that Prof. Brinker, who is himself the parent of a special needs child, highlights:

If the special needs child attends a special school (or is in an institution) for the main purpose of alleviating his handicap by using the facility's resources, then the cost of the child's lodging, meals and transportation is deductible, as are the costs of supervision and care. Regular schools can be classified as a "Special School" if the school has a special curriculum for mentally disabled individuals.

If the child is receiving private tutoring by a specialized teacher, the IRS has ruled that it is deductible. Similarly, special education that is provided for dyslexic children is deductible.

Prof. Brinker also notes that prescribed vitamin and equestrian therapies are deductible, as are the transportation and conference fees for medical conferences and seminars. For 2006, parents of special needs children could deduct \$.18 per mile for medical-related travel and transportation. For 2007, the allowable deduction is \$.20 per mile. Additionally, lodging costs up to \$50 per day are deductible, excluding the cost of meals.


Prof. Brinker notes that, "Unreimbursed Medical Expenses are deductible only to the extent that the Tax Payer itemizes their deductions (Schedule A) and they exceed 7 and ½ percent of their Adjusted Gross Income (AGI) [10 percent of AGI for the Alternative Minimum Tax (AMT).]"

Some credits are also available to parents of special needs children. For example, if parents were to adopt a special needs child, they might be eligible for an \$11,390 credit, regardless of expenses. In order to claim such a credit, the child must be under 18 or be physically or mentally incapable of taking care of themselves. Additionally, the child must be a U.S. citizen or resident and have required adoption assistance. The taxpayer-parent is allowed to claim the credit in the year that the adoption becomes final. This credit is phased out for taxpayers with adjusted gross income exceeding \$170,820.

Another credit parents should be aware of is the Earned Income Tax Credit, which is available to taxpayers with a "qualifying child." Parents should note that the definition of a "qualifying child" has been expanded for disabled children: If a child has special needs, then she is a qualifying child regardless of age, as long as the child resides with the parents. Also, in such cases, there is no gross income requirement for the child to qualify for a dependency exemption.

To ensure you are taking advantage of all the tax benefits and credits available to you, consult with an attorney whose practice focuses on working with families of special needs children. To find an attorney, [click here](#).

[<< Previous Article](#) | [Next Article >>](#)

 [Print This Page](#)
 [Email to Friend](#)