

OMS TAX SERVICE

MEDICAL PROFESSIONALS Tax Deductions

In order to deduct expenses in your trade or business, you must show that the expenses are “ordinary and necessary.” An ordinary expense is one that is customary in your particular line of work. A necessary expense is one that is appropriate but not necessarily essential in your business. The application of these terms to you relies heavily on the “facts and circumstances” of your unique situation.

Generally, to be deductible, items must be ordinary and necessary to your medical profession and not reimbursable by your employer. Record separately from other supplies the cost of business assets that are expected to last longer than one year and cost more than \$100. Normally, the cost of such assets is recovered differently on your tax return than are other recurring, everyday business expenses such as business cards or medical supplies.

- **Answering Machine**
- **Office Supplies**
- **Bag – Medical**
- **Recorder and Tapes**
- **Beeper – Pager, Cell Phones**
- **Referral Service**
- **Briefcase**
- **Repairs – Equipment**
- **Business Cards**
- **Stationary**
- **Business Meals (entire 100% of expense)**
- **Medical Equipment**
- **Other:_____**
- **Other:_____**

Out of Town Travel:

Expenses accrued when traveling away from “home” overnight on job-related and continuing-education trips are deductible. Your “home” is generally considered to be the entire city of general area where your principal place of employment is located. Out-of-town expenses include transportation, meals, lodging, tips and miscellaneous items like laundry, valet, etc.

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Document away-from-home expenses by noting the date, destination and business purpose of your trip. Record business miles if you drove to the out-of-town location. In addition, keep a detailed record of your expenses – lodging, public transportation, meals, etc. Always list meals and lodging separately in your records. Receipts must be retained for each lodging expense. However, if any other business expense is less than \$75, a receipt is not necessary if you record all of the information in a timely diary. You must keep track of the full amount of meal and entertainment expenses even though only a portion of the amount may be deductible.

- **Airfare, Train & Bus**
- **Porter, Bell Captain**
- **Bridge & Highway Tolls**
- **Taxi & Subway**
- **Car Rental**
- **Telephone Calls (including home)**
- **Laundry**
- **Lodging (do not combine with meals)**
- **Meals (do not combine with lodging)**
- **Parking**
- **Other:**
- **Other:**
- **Other:**

Auto Travel:

*Your auto expenses are based on the number of qualified business miles you drive. Expenses for travel between work location or daily transportation expenses between your residence and temporary work sites are deductible; include them as business miles. Expenses for your trips between home and work each day, or between home and one or more regular places of work, are **COMMUTING** expenses and **NOT** deductible.*

Document business miles in a record book as follows: (1) give the date and business purpose of each trip; (2) note the place to which you traveled; (3) record the number of business miles; and (4) record your car's odometer reading at both the beginning and end of the tax year. Keep receipts for all car operating expenses – gas, oil, repairs, insurance etc. – and of any reimbursement you received for your expenses.

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- **Between Medical Facilities (mi)**
- **Purchasing Equipment and Supplies (mi)**
- **Continuing Education (mi)**
- **Uniform Cleaning & Maintenance (mi)**
- **Interviews – Position**
- **Parking Fees (\$)**
- **Out-of-Town Business Trips (mi)**
- **Tolls (\$)**
- **Patient House Calls (mi)**
- **Other:**

Telephone Expenses:

The basic local telephone service costs of the first telephone line provided in your residence are not deductible. However, toll calls from that line are deductible if the calls are business-related. The costs (basic fee and toll calls) of a second line in your home are also deductible if the line is used exclusively for business.

- **Answering Service**
- **Toll Calls**
- **Cellular**
- **Service**
- **Other:**
- **Paging Service**
- **Pay Phone**
- **Other:**

Continuing Education:

Educational expenses are deductible under either of two conditions: (1) your employer requires the education in order for you to keep your job or rate of pay; or (2) The education maintains or improves skills as a medical professional. Costs of courses that are taken to meet the minimum requirements of a job, or that qualify you for a new trade or business, and NOT deductible.

- **Correspondence Course Fees**
- **Seminar Fees**
- **Lab Fees**
- **Textbooks**
- **Materials & Supplies**

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- **Transcripts**
- **Photocopy Expenses**
- **Tuition**
- **Reference Material**
- **Registration Fees**
- **Other:**
- **Other:**

Professional Fees & Dues:

Dues paid to professional societies related to your medical profession are deductible. However, the cost of initial admission fees paid for membership in certain organizations or social clubs are considered capital expenses.

Deductions are allowed for payments made to a union as a condition of initial or continued membership. Such payments include regular dues but not those which go toward defraying expenses of a personal nature. However, the portion of union dues that goes into a strike fund is deductible.

- **Alumni**
- **Dues Union Dues**
- **Medical Association Dues**
- **Professional Association Dues**
- **Other:**
- **Other:**

Uniforms & Upkeep Expenses:

If you are required to wear a uniform in your medical profession, the cost and upkeep may be deductible. IRS rules specify that work clothing cost and the cost of its maintenance are deductible if: (1) the uniforms are required by your employer (if you're an employee); and (2) the clothes are not adaptable to ordinary street wear. Normally, the employer's emblem attached to the clothing indicates it is not for street wear. The cost of protective clothing (e.g., safety shoes or goggles) is also deductible.

- **Alterations & Repairs**
- **Pants**
- **Shoes**

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- **Scrubs Cleaning**
- **Other:**
- **Hat, Cap**
- **Jacket**
- **Laundry**
- **Other:**
- **Other:**

Other Expenses:

Expenses of looking for new employment in your present line of work are deductible – you do not have to actually obtain a new job in order to deduct the expenses. Out-of-town job seeking expenses are deductible only if the primary purpose of the trip is job seeking, not pursuing personal activities.

- **Malpractice Insurance**
- **Periodicals – Medical**
- **Journals – Medical**
- **Resume – Job Seeking**
- **Legal (protection and production of taxable income)**
- **Liability Insurance**
- **Other:**
- **Other:**

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Note: Some of the items listed above might not be applicable to your particular situation. If you have any questions or advice, please do not hesitate to give us a call at: 347-590-0037, 718-618-4141, 646-331-8630

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