

INTERNAL REVENUE SERVICE

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May 18, 2001

The Honorable James A. Barcia
U.S. House of Representatives
Washington, D.C. 20515

Attention: Chris Blanda

Dear Mr. Barcia:

I am enclosing a copy of a letter we sent, at your request, to your constituent, Mr. [REDACTED]. Mr. [REDACTED] is concerned because he cannot deduct the cost of his health insurance for federal income tax purposes. He believes he could do so if he was self employed.

You also asked for the enclosed copy of § § 213 and 162(l) of the Internal Revenue Code, which allow a deduction for the cost of insurance for medical care.

I hope this information is helpful. Please call me or G. Channing Horton, Identification Number 50-03418, at (202) 622-4920, if you have any questions.

Sincerely,

Associate Chief Counsel
(Income Tax & Accounting)

By: _____
Robert A. Berkovsky
Chief, Branch 2

Enclosures (2)

COR-121409-01

Internal Revenue Service**Department of the Treasury**
Washington, DC 20224

Index No.: 213.00-00



Person to Contact:
G. Channing Horton, ID No. 50-03418
Telephone Number:
(202) 622-4920
Refer Reply To:
CC:ITA:2 – COR-121409-01
Date:
May 18, 2001

Dear Mr. [REDACTED]:

This letter is in response to your recent inquiry to Congressman James A. Barcia, who asked that I reply directly to you. Mr. Barcia indicated that you are concerned because you cannot deduct the cost of your health insurance for federal income tax purposes. You believe that you could do so if you were self employed.

Section 213(a) of the Internal Revenue Code allows a deduction for the expenses paid during the taxable year, not compensated for by insurance or otherwise, for medical care of the taxpayer, his spouse, or a dependent. The deduction only applies to the extent that such expenses exceed 7.5 percent of adjusted gross income. The term “medical care” is defined by § 213(d)(1)(A) to include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.

The term “medical care” also includes amounts paid for insurance for medical care defined in § 213(d)(1)(A). This includes amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged.

Thus, the amount you pay for medical care insurance premiums is deductible to the extent the amount exceeds 7.5 percent of your adjusted gross income.

Under § 162(l) self-employed individuals can deduct 60 percent of the amount paid during taxable year 2001 for insurance that constitutes medical care for the taxpayer, his spouse, and dependents.

COR-121409-01

Enclosed is a copy of IRS Publication 502, *Medical and Dental Expenses*, which explains the medical expense deduction in greater detail.

I hope this information is helpful. Please call G. Channing Horton at (202) 622-4920 if you have any questions.

Sincerely,

Associate Chief Counsel
(Income Tax & Accounting)

By: _____
Robert A. Berkovsky
Chief, Branch 2

Enclosure