



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

CHIEF COUNSEL

June 13, 2006

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Dear _____ :

I am responding to your inquiry to _____ . _____ wrote to us on your behalf and asked us to respond to your question about why the deduction for medical expenses is limited to amounts that exceed 7.5 percent of adjusted gross income. I hope the following information is helpful.

When the U.S. Congress enacted the provision for the deduction of medical expenses in 1942, the deduction was limited to expenses that exceeded 5 percent of adjusted gross income. The legislative history shows that the deduction is meant to help individuals with medical expenses that are so great they absorb a substantial portion of a taxpayer's income and substantially affect the taxpayer's ability to pay taxes (Senate Report No. 99-313, at 59 (1986)). The legislative history says the deduction "...will be a help to persons or families having to undergo unusual outlays for medical purposes in any year. It is not intended to take care of the ordinary medical expenses, which on the average do not exceed 5 percent of net income" (88 Congressional Record 8469 (1942)(statement of Congressman Hinshaw)).

In 1986, the Congress raised the percentage "floor" to 7.5 percent as part of its approach to reducing overall tax rates through tax base-broadening (thus, increasing a taxpayer's ability to pay taxes with the reduced tax rates). The Congress also wanted to reduce the number of tax returns claiming the deduction to lessen the complexity associated with the deduction, such as substantiating expenses (Senate Report No. 99-313, supra).

Again, I hope this information is helpful. If you have any questions, please contact
, Identification Number , at .

Sincerely,

Thomas D. Moffitt
Thomas D. Moffitt
Branch Chief, Branch 2
(Income Tax & Accounting)

cc: