

key expenses

Tax Deductions for: Medical Professionals

SUPPLIES & EXPENSES:

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 are recovered differently on your tax return than are other recurring, everyday business expenses such as business cards or medical supplies.

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.

COMMUNICATION 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.

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.

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, are NOT deductible.

AUTO TRAVEL:

Your auto expenses are based on the number of qualified business miles you drive. Expenses for travel between work locations 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 are 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.

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 or 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.

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.

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.

The information provided in this brochure is an abbreviated summary of the rules for the job-related expenses applicable to medical professionals.

For additional details as to specific business expenses, the records required and the various governmental regulations,

consult the firm providing this brochure.

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introduction

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.

SUPPLIES & Expenses:

Answering Machine	
Bag - Medical	
Beeper - Pager	
Briefcase	
Business Cards	
Business Meals (Enter 100% of Expense)	
Medical Equipment	
Office Supplies	
Recorder & Tapes	
Referral Service	
Repairs - Equipment	
Stationery	
Other: _____	
Other: _____	
Other: _____	

OUT-OF-TOWN Travel:

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

AUTO Travel:

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

CONTINUING Education:

Correspondence Course Fees	
Lab Fees	
Materials & Supplies	
Photocopy Expenses	
Reference Material	
Registration Fees	
Seminar Fees	
Textbooks	
Transcripts	
Tuition	
Other: _____	
Other: _____	

PROFESSIONAL Fees & Dues:

Alumni Dues	
Medical Association Dues	
Professional Association Dues	
Union Dues	
Other: _____	
Other: _____	

UNIFORMS & Upkeep:

Alterations & Repairs	
Shoes	
Cleaning	
Hat, Cap	
Jacket	
Laundry	
Pants	
Scrubs	
Other: _____	
Other: _____	
Other: _____	

COMMUNICATION Expenses:

Answering Service	
Cellular Service	
Paging Service	
Pay Phone	
Toll Calls	
Internet Access	
Other: _____	

OTHER Expenses:

Malpractice Insurance	
Journals - Medical	
Legal (Protection and production of taxable income)	
Liability Insurance	
Periodicals - Medical	
Resumé - Job Seeking	
Other: _____	
Other: _____	