

20% Offset on Net Medical Expenses

A tax offset is available to a taxpayer whose net medical expenses in the 2011 tax year exceed \$2000. The amount of the offset is 20% of the net medical expenses exceeding \$2000.

The medical expenses must be paid by a resident taxpayer for themselves or a resident dependent during the tax year & can include medical expenses incurred overseas. The spouse (or de facto spouse) does not need to be dependent & any child of the taxpayer to 21st birthday regardless of 'separate net income' is included.

Net medical expenses are eligible medical expenses less any related refunds received or entitled to be received from Medicare or a private health fund.

Eligible medical expenses are defined as payments:

- To a legally qualified medical practitioner, nurse or chemist, or a public or private hospital, in respect of an illness or operation
- To a legally qualified dentist for dental services or treatment of artificial teeth
- To a person registered under a law of a State/Territory for supply, alteration or repair of artificial teeth
- For therapeutic treatment administered by referral from a legally qualified medical practitioner (eg physiotherapist, speech therapist)
- For the purchase or repair of an artificial limb (or part of one), an artificial eye or hearing aid
- For the purchase or repair of medical aids prescribed by legally qualified medical practitioner
- For the testing of eyes, or the prescribing of any spectacles by a person legally qualified to perform those services, or for the supply or repair of spectacles in accordance with such a prescription
- To a person who looks after someone who is blind, or confined to bed or wheelchair
- To keep a trained guide dog for a blind person, and
- To keep a trained dog to assist or guide the hearing impaired or other disabled individuals

Nursing homes or hostels:

The tax offset may be claimed for approved recipients of residential aged care for qualifying payments where care is assessed at levels 1 to 7 for the following:

- Basic daily fees
- Income tested daily fees
- Extra service fees
- Accommodation charges
- Amounts deducted or retained from accommodation bonds where the bonds were paid as a lump sum
- Interest charged on an outstanding instalment of a lump sum bond and
- Periodic payments of accommodation bonds

Expenses that are not eligible medical expenses for the offset:

- Therapeutic treatment not formally referred by a doctor
- Chemist type items such as pain relief tablets purchased in retail outlets or health food stores
- Vaccinations for overseas travel
- Non-prescribed vitamins or health foods
- Travel or accommodation expenses associated with medical treatment
- Payment for domestic services rendered to a person who is blind or confined to a wheelchair or bed
- Contributions to a health fund
- Purchases from a chemist that are not related to an illness or operation
- Life insurance medical examinations
- Ambulance charges or subscriptions
- Funeral expenses
- Certain nursing home & hostel costs