

TAX TIPS FOR FOOD EXPENSE DEDUCTIONS

Some people with CF and their families may have trouble paying for the cost of food needed to meet the high nutritional requirements of CF. Federal tax law allows people to deduct a portion of the total food expenses that exceeds the amount a healthy person spends on food. This expense should be added to other expenses for medical care, and can be deducted if the total expense is greater than 7 ½ percent of the individual's gross income.

SUMMARY

Buying food for people with CF can be very expensive. Depending on the impact of CF on the digestive system, a person with CF may consume two, three or more times the amount of food that a person without CF would eat. Also, individuals with CF are required to eat special foods, which can represent a large expense. If you or your family face this problem, you may be able to deduct part of your total food expenses as a medical expense on your federal income tax return.

HERE'S HOW...

Federal tax law classifies certain special food purchased for an illness as a medical expense. However, only a *portion* of one's total expenses for food may be deductible. That is, *only the portion of expenses that exceeds the amount a healthy person spends on food is deductible*. The Internal Revenue Service (IRS) applies this rule in a very strict manner and will challenge taxpayers on issues involving documentation of actual expenses, whether the expenses are medically necessary, and whether any part of such expenses exceeds nutritional needs. If you decide to use this tax benefit, please refer to the guidelines below.

HERE'S WHAT TO DO...

1. Consult with the nutritionist and/or physician at your CF care center.

If a specific diet has been prescribed for you or a family member, request that the care center nutritionist or physician provide you with written confirmation designating the following:

National Office

6931 Arlington Road Bethesda, Maryland 20814
(301) 951-4422 (800) FIGHT CF Fax: (301) 951-6378 Internet: www.cff.org E-mail: info@cff.org

- Amount of food needed
- Type of food needed (including caloric or food supplements such as MCT oil, Portagen, Ensure or special formulas)
- Why the food is needed
- Consequences of not following the diet

2. *Establish a system for recording the cost of food used by the CF patient.*

It is very important that you keep accurate records of the amount, type, and cost of food eaten by the person with CF to support a claim. People have claimed this deduction based on accurate records, including store receipts kept over a two-week period, and then used that as an average on which to determine annual totals.

- Keep a record of total food eaten for at least 14 days.
- Make a special note when you buy higher-cost foods required by the diet.
- Since these are tax records, keep them as long as you keep your other financial records.

3. *Your records should also include information on the nutritional needs of healthy individuals of the same age and sex as the CF patient.*

We have provided a list of the cost of nutritional needs for healthy individuals that is prepared monthly by the U.S. Department of Agriculture.

<http://www.cnpp.usda.gov/Publications/FoodPlans/2009/CostofFoodJan09.pdf>

This USDA chart assumes that food for all meals and snacks is purchased at the store and prepared at home. In addition, the costs given are for individuals in a family with 4 people. The following changes are suggested for other family sizes.

- 1 person family, add 20 percent
- 2 persons, add 10 percent
- 3 persons, add 5 percent
- 5 or 6 persons, subtract 5 percent
- 7 or more persons, subtract 10 percent

This information is important for providing a way to compare the kind and amount of food purchased for, and consumed by, a person with CF. If you require more information, please contact your CF care center or the CF Foundation's National Office for assistance.

4. *Only claim as a medical deduction the amount of food that exceeds the costs for a person without CF.*

Be sure that the costs claimed are only for the food included in the diet that has been prescribed. For example, if a person without CF eats two eggs for breakfast, and your records show a six-egg omelet, you would be able to deduct the cost of four eggs, not all six eggs.

HERE'S WHAT THE LAW SAYS...

If you decide to claim a tax deduction for food purchased to treat a person with CF in your family, you should know about the law regarding this particular tax benefit. Section 213(a) of the Internal Revenue Code of 1986, as amended, states in relevant part:

“213(a) Allowance of Deduction. - There shall be allowed as a deduction 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 . . . to the extent that such expenses exceed 7.5 percent of adjusted gross income.”

Section 213 (d)(1)(A) defines “medical care” as “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.”

It is very important for the taxpayer to gather the relevant paperwork to support the claimed medical expense deduction for the additional costs from the special diet.

This information is provided to help alleviate the cost of purchasing large quantities of food for an individual who has CF. As you can see, you will have to keep records of food intake and costs. If you do not itemize deductions on your current tax return, or if your federal income tax is already very small, it will probably not be worthwhile to do this. On the other hand, if you decide to do it, this deduction could save you several hundred dollars a year. You must decide whether your food expenses and your specific tax bracket justify taking this deduction. If you are not certain you are eligible for this deduction or have other questions, we suggest that you talk with an attorney, a licensed tax accountant, or an IRS consultant.

*The Cystic Fibrosis Foundation expresses no opinions and makes no recommendations concerning the above information.