

Special Education Expenses – Tax Deductible or Not?

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An IRS private letter ruling dealt with payments to a private school on behalf of two children diagnosed with learning disabilities. The children were attending the private school in order to participate in a special education program designed to help the children deal with their conditions and then progress to a regular school program. The question addressed was whether or not the payments would qualify as tax deductible medical expenses.



In the ruling, the IRS clarified that what matters is not the nature of the school but the special education provided to the student. The letter states:

“Deductibility of tuition depends on exactly what the school provides an individual because a school can have a normal education program for most students, and a special education program for those who need it. Thus, a school can be ‘special’ for one student and not for another.”

So, the tuition can be deductible even if the school is not a special needs school and is not attended exclusively by children with learning disabilities, as long as participation by a child with learning disabilities in a special program is the principal reason why the child is attending the school.

The IRS concluded that the two children were attending the private school “principally to receive medical care in the form of special education” and that the tuition was deductible as a medical expense.

The IRS ruling added that a physician or other qualified professional must diagnose the medical condition (e.g., learning disability) requiring the special education. Also, for the education to be medical care, the education must correct the condition or assist the child in dealing with the condition so that the child can then progress to a regular school program. The school need not have physicians providing the care but must have professionals “competent to design and supervise a curriculum providing medical care.”

Note that medical expenses generally are deductible only to the extent that the medical expense total figure exceeds a specified percentage of the taxpayer’s adjusted gross income figure.

Also, note that a private letter ruling applies only to the taxpayers who requested the ruling, but the ruling is informative as to the IRS’s analysis of the issue. Parents considering the deductibility of special education expenses should consult with their tax advisor.

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