

Learning Disability Evaluations May Be Tax Deductible

It is hard for some families to afford the cost of learning disability evaluations. These can range from \$2500 to as much as \$5000 when the testing is done by a qualified professional.

Well, there is good news for many families. There has been a recent IRS ruling that says that these evaluations can be tax deductible as a medical expense. I must first state a disclaimer: I am neither an attorney nor an accountant. I am writing this article as information for families with learning disabled children (or adults) who have an interest in being able to deduct these costs from their taxes. For more information, please check with the appropriate professional. Legal citations are noted below.

“Medical care” for the IRS includes expenses in diagnosis, cure, treatment, or prevention of disease.¹ Under that definition, diagnostic procedures such as learning disability evaluations and treatment may be covered. The June 2005 Steve Leimberg Estate Planning Newsletter #836 advises that within the limits of the IRS Code Section 213, diagnostic expenses can qualify if the evaluation is to diagnose a medical condition. As many may know, dyslexia and any learning disability are defined by the American Psychiatric Association’s *Diagnostic and Statistical Manual, Fourth Edition* (DSM-IV); therefore, these diagnoses can be considered medical. To qualify for the deduction, a physician or other qualified professional (such as a neuropsychologist) is required to diagnose this condition and recommend the appropriate treatment. After the diagnosis, the treatment provided for learning disabilities can also be covered as a deductible expense, as well as related books and materials.

A learning disability means there is some learning function that is significantly below a person’s overall intelligence. Usually this means that reading speed is much slower than one would expect. Evaluations for learning disabilities involve assessing cognitive functioning and achievement abilities in order to determine if there is a discrepancy between overall intelligence and some achievement measure. These discrepancies define the learning disability. For children, learning disabilities can slow down their progress at school if they are not treated promptly and effectively. A full evaluation and its subsequent treatment provided by a qualified individual can effectively help the child (or adult) in dealing and working with the learning disability. If a such a child does not get the proper diagnosis and treatment, the result can be demoralization and acting out, since they are constantly reminded that they are not doing as well as their peers.

Affordability is a relevant and important issue when dealing with the evaluation and treatment of a learning disability. With this recent tax ruling and interpretation, the necessary expense to properly deal with the disability can be less of a burden for parents.

Information regarding evaluations and treatment options for learning disabilities and attention deficit disorders can be found in other areas of this site (www.thebrainclinic.com). Lower cost evaluations for those 16 and older are also done at The Brain Clinic, and for these, testing is done by graduate students.

For more information regarding tax deductions for learning disability evaluations and treatment, visit <http://www.leimbergservices.com>. The relevant citations for your accountant are noted below.

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¹ IRC Sec. 213 ; IRC Sec 213 (d)(1)(A); Reg. Section 1.213-1(e)(1)(ii); Section 1.213-1(e)(1)(v)(a); Rev. Rule. 70-285, 1970-1 C.B. 52; Rev. Rul. 69-607, 1969-2 C.B. 40.