



Deducting Special Education Costs of Children with Disabilities.

Please do not use this information as definitive advice, as your situation may vary. Consult your attorney or tax professional. Definitions of which children qualify as dependents also changes from year to year, so always check the latest information.

Section 213 of the Internal Revenue Code states:

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 ... For purposes of this section - The term "medical care" means 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.

Internal Revenue Service Regulations, 26 CFR 1.213-1

The U.S. Treasury, the IRS has issued regulations which are authority for deducting the costs of special education:

While ordinary education is not medical care, the cost of medical care includes the cost of attending a special school for a mentally or physically handicapped individual, if his condition is such that the resources of the institution for alleviating such mental or physical handicap are a principal reason for his presence there. In such a case, the cost of attending such a special school will include the cost of meals and lodging, if supplied, and the cost of ordinary education furnished which is incidental to the special services furnished by the school. Thus, the cost of medical care includes the cost of attending a special school designed to compensate for or overcome a physical handicap, in order to qualify the individual for future normal education or for normal living, such as a school for the teaching of braille or lip reading. Similarly, the cost of care and supervision, or of treatment and training, of a mentally retarded or physically handicapped individual at an institution is within the meaning of the term medical care.

Link to full text IRS Regulations on section 213 deductibility [26 CFR 1.213-1](#).
Contains examples of how to calculate the deduction. Definitions start in 1.213-1(e).

IRS Publication 502- excerpts

The IRS has also published helpful guidance:
<http://www.irs.gov/publications/p502/index.html> (newer link) (link to full document)

Some relevant portions copied here:

- Disabled Dependent Care Expenses
- Learning Disability
- Schools and Education, Special
- Therapy and Patterning Exercises
- Legal Fees

Learning Disability

You can include in medical expenses tuition fees you pay to a special school for a child who has severe learning disabilities caused by mental or physical impairments, including nervous system disorders. Your doctor must recommend that the child attend the school. See Schools and Education, Special, later.

You can also include tutoring fees you pay on your doctor's recommendation for the child's tutoring by a teacher who is specially trained and qualified to work with children who have severe learning disabilities.

IRS confirms special schools qualify as medical expenses

[Private Letter Ruling 105788-06](#) (01/26/2007)

In this case, the neuropsychologist performed tests and concluded that Child A needed an educational environment that is more therapeutic and specialized to Child A's disabilities than Child A was receiving in the special education program at Child A's public school.

Accordingly, based strictly on the information submitted and your representations, we conclude that School X utilizes special teaching techniques to assist its students in overcoming Condition 1. These techniques along with the care of other staff professionals are the principal reasons for Child A attending School X. Further, we conclude that School X is a "special school" within the meaning of § 1.213-1(e)(1)(v)(a)

and that the expenses incurred by Taxpayers for Child A's tuition at School X in those years Child A is diagnosed as having a medical condition that handicaps Child A's ability to learn are deductible under § 213(a).

Bridges Middle School is a "Special School"

Bridges is the only middle school in Oregon specifically designed for students with learning differences to reach their maximum potential—in a loving, nurturing atmosphere centrally located in downtown Portland. Our small class settings for 5th-8th graders incorporate individualized academics with social skills, therapies, and support that set the foundation for future success.

For many Bridges students, this means the difference between effective learning and being passed along. It means positive social and emotional growth rather than isolation or, worse, bullying. In our small classes, nothing is left to chance. Students are not expected to 'pick up' material. Instead, they are taught how to learn using effective individualized instruction in reading, writing, science, social studies, and mathematics. They learn self-advocacy and social skills. Most of all, they are safe, and supported, and able to grow.

IRS Circular 230 Disclosure

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.