

Medical Insurance Premiums Can Be Deducted

ANCHORAGE — Some Alaska taxpayers last year failed to deduct medical insurance premiums and, as a result, overpaid their income taxes, Charles E. Roddy, District Director of Internal Revenue, said.

If taxpayers itemize deductions, they may deduct in full as a medical expense one-half the premium paid for medical insurance, up to a maximum of \$150, without regard to the three per cent limitation, Mr. Roddy said.

Taxpayers should add the remainder of the premium cost for medical insurance to other medical costs and reduce that total by three percent of adjusted gross income, he added.

Life insurance and accident and health insurance covering the loss of earnings are not medical expenses and the premiums paid are not deductible.

The Form 1040 instructions explain the handling of medical expenses. IRS Publication 502, "Deduction for Medical and Dental Expenses," also contains further information. It is available free by writing the IRS district office.