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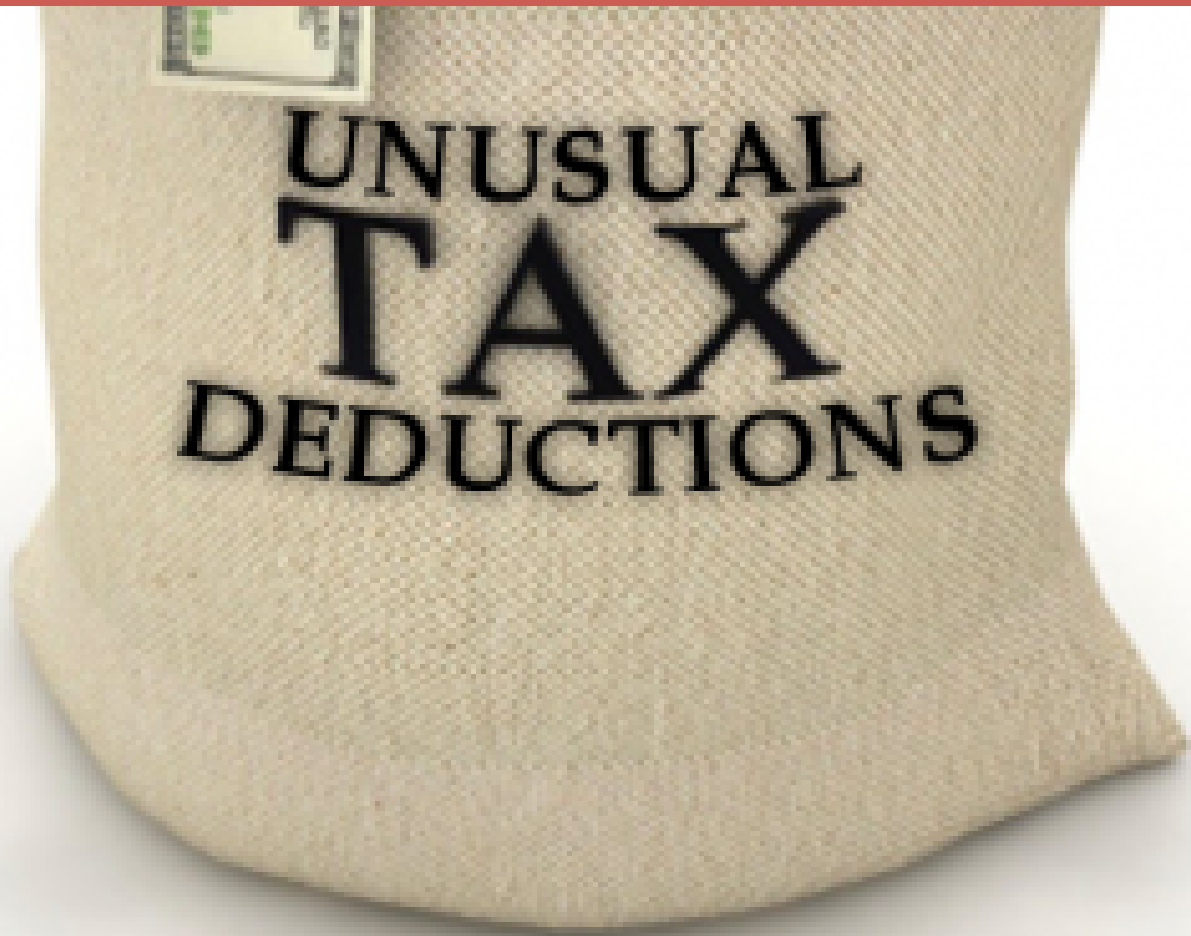
POOLS DEDUCTIBLE

However, there's a silver tax lining if the pool is needed by a family member to alleviate arthritis or some other specific illness. For a medically-necessary improvement made by a homeowner, the deductible amount is equal to the cost above the corresponding increase in the home's value. In addition, the annual maintenance costs associated with the pool — chlorine, repairs, utilities, cleaning services, etc. -- also qualify for the deduction. Note that the entire cost of a qualified improvements, plus the maintenance costs, is deductible by tenants.

Ken Berry, JD • Jun. 03, 2014

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UNUSUAL TAX DEDUCTIONS

[This is the eighth article in a [series about tax tips](#) for small businesses and individuals.]

We probably don't have to tell you – and you don't have to tell your clients – how difficult it is to claim a deduction for medical expenses under current law. Prior to 2013, the deduction was limited to excess of your qualified expenses above 7.5% of adjusted gross income (AGI), a daunting threshold for most. And now the floor for medical deductions has been raised to 10% of AGI (remaining at 7.5% for taxpayers age 65 or over, but only through 2016).

This means it will usually take at least one significantly large expense to push a

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is allowed, even though they're getting some much-needed exercise away from their video games and computers.

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Suppose that your client has an AGI of \$150,000 and \$12,000 in unreimbursed medical expenses in 2014. His doctor has ordered him to start swimming laps in a pool to improve a heart condition. The client builds an in-ground pool in his backyard for \$25,000, but a local realtor says it will increase the value of the home by only \$15,000. Previously, the client could not claim any medical expense deduction because the \$12,000 total is less than 10% of his AGI, or \$15,000. But when he adds the \$10,000 write-off for pool, the total increases to \$22,000. Now he can deduct \$7,000 in medical expenses ($\$22,000 - \$15,000$) on Schedule A of Form 1040.

A few other common examples of home improvements that may be deductible as medical expenses are air conditioning installed to alleviate a child's asthma, an elevator constructed for an adult who can't walk up stairs and special modifications for a disabled person. Again, no deduction is allowed for purely cosmetic changes.

Best approach: Obtain a written appraisal from an independent real estate professional establishing the increase in a home's value due to an improvement. Also, if a physician prescribes a home improvement to alleviate or treat a medical condition, get the recommendation in writing. Keep these documents on file in case the IRS ever challenges the deduction.

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