

IRS & Medical Expenses

How can I save on my taxes?

euroFINESCO: Of all the credits and deductions available, medical expenses are the largest for most taxpayers. The tax credit is set at 15% and includes health insurance premiums. Before examining the ins and outs, let's examine some of the basics about claiming credits.

Question: What kinds of expenses are eligible for a medical tax credit?

euroFINESCO: A 15% tax credit is allotted on the following *non-reimbursed* medical expenses:

- Services from medical professionals such as doctors, dentists, physiotherapists, etc.
- Laboratory analyses; Surgery and hospitalisation;
- Dentures and orthodontic braces;
- Eyeglasses (lenses only) and hearing aids (when accompanied by a doctor's prescription);
- Prescribed medical treatments; prescribed & un-prescribed medications (6% VAT);
- Nursing care;
- Prescribed treatments taxed at 23% VAT (subject to limitations);
- Ambulances and special transport;
- Necessary travel outside the country when treatment is unavailable in Portugal;
- Interest on loans to pay for medical treatment;
- Health Insurance.

Question: What expenses cannot be claimed?

euroFINESCO: The following expenses do not qualify for a tax credit:

- any reimbursed medical expenses;
- non-essential travel expenses;
- products such as cosmetics and hygiene products (identifiable by the 23% VAT):
- “natural” remedies, such as medicinal herbs and teas;



- mattresses, pillows, chairs, etc.
- sports equipment, exercise apparatus, etc.
- Jacuzzi, air conditioners, etc.

Question: How do I go about substantiating medical expenses?

euroFINESCO: “NIB, se faz favor!” Always give your fiscal number for the invoice. *Finanças* now uses an interactive digital system and your tax credit is now assigned automatically. Nevertheless, paper invoices are still necessary for treatment from abroad. If you received partial reimbursement from your insurance company, a summary statement, detailing expenses not repaid by the medical plan is necessary.

Question: How can I tell if a treatment or medication is eligible for a tax credit?

euroFINESCO: Easy! On your invoice, if the VAT is at 0% or 6%, then it is deductible. If the “*IVA*” is at the normal rate (23%), you’re out of luck.

Question: Is Medical insurance also eligible for a tax credit?

euroFINESCO: 15% of Health Insurance premiums are now eligible to be added to general medical expenses. The combined maximum limit for the tax credit for both medical expenses and health insurance is €1,000.

Question: Last year I had a major operation. Is there an upper limit to the tax credit?

euroFINESCO: Yes. There is a maximum of €1 000 based on 15% of your total medical expenses.

Question: I received medical treatment abroad. Are these expenses allowable?

euroFINESCO: While there are medical expenses from abroad that you can claim, the authorities may ask to have translations and authentication of documents. This can be a tedious, expensive process, making it advisable to omit any minor claims.