

Eye On Washington

# Regulatory Update



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## 2018 Versions of Publications 502 and 503 Released by the IRS

The Internal Revenue Service (IRS) has released the latest version of Publication 502, which describes what medical expenses are deductible by taxpayers on their 2018 federal income tax returns. This publication provides guidance on what qualifies as a medical expense under Code § 213(d), and thus helps identify the expenses that may be reimbursed or paid by health flexible spending accounts (health FSAs), health savings accounts (HSAs), health reimbursement arrangements (HRAs), or covered on a tax-favored basis under other group health plans (e.g., an employer-sponsored medical plan). In addition, Publication 502 explains the itemized deduction for medical and dental expenses that a taxpayer can claim on Schedule A (Form 1040) and discusses what expenses, and whose expenses, a taxpayer can and cannot include in figuring the deduction. It also explains how to treat reimbursements, how to figure the deduction, informs taxpayers on how to report the deduction on their tax return and what to do if taxpayers sell medical property or receive damages for a personal injury.

The latest version of Publication 503 was also released. It describes the tests a taxpayer must meet in order to claim the credit for child and dependent-care expenses, and explains how to calculate and claim the credit.

### Publication 502

Under the “What’s New” Section, the 2018 Publication 502 states as follows:

Standard mileage rate. The standard mileage rate allowed for operating expenses for a car, when you use it for medical reasons, is 18 cents a mile.

For a copy of Publication 502 (Medical and Dental Expenses – for preparing 2018 Returns), please click on the link provided: <https://www.irs.gov/pub/irs-pdf/p502.pdf>

### Publication 503

Under the “What’s New” Section, the 2018 Publication 503 states as follows:

Forms 1040A and 1040-EZ are no longer available. Forms 1040A and 1040-EZ aren’t available to file your 2018 taxes. If you used one of those forms in the past, you will now file Form 1040. Most forms and publications have been updated to reflect this change, but please disregard any references to Form 1040A or Form 1040-EZ that were already in use when this change was made, for example Form W-2.

Personal exemptions suspended. For 2018, you can’t claim a personal exemption for yourself, your spouse, or your dependents.

For a copy of Publication 503 (Child and Dependent Care Expenses – for 2018 Returns), please click on the link provided below: <https://www.irs.gov/pub/irs-pdf/p503.pdf>

## ADP Compliance Resources

ADP maintains a staff of dedicated professionals who carefully monitor federal and state legislative and regulatory measures affecting employment-related human resource, payroll, tax and benefits administration, and help ensure that ADP systems are updated as relevant laws evolve. For the latest on how federal and state tax law changes may impact your business, visit the ADP *Eye on Washington* Web page located at [www.adp.com/regulatorynews](http://www.adp.com/regulatorynews).

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