

Capital Expense Worksheet

You can include medical expenses for special equipment installed in a home, or for home improvements, if their main purpose is medical care for you, your spouse, or your dependent. The cost of permanent improvements that increase the value of your property may be partly included as a medical expense. The cost of the improvement is reduced by the increase in the value of your property. The difference is a medical expense. If the value of your property is not increased by the improvement, the entire cost is included as a medical expense.

Certain improvements made to accommodate a home to your disabled condition, or that of your spouse or your dependents who live with you, do not usually increase the value of the home and the cost can be included in full as medical expenses.

Use the worksheet below to calculate the amount of capital expense to include in your medical expenses. For help, refer to the Worksheet Example at the bottom of this page. Please note, you will need to submit a Letter of Medical Necessity with this worksheet when submitting your claim.

1.	Enter the amount you paid for the home improvement	
2.	Enter the value of your home immediately after the improvement*	
3.	Enter the value of your home immediately before the improvement.*	
4.	Subtract line 3 from line 2. This is the increase in the value of your home due to home improvement. <ul style="list-style-type: none"> ▪ If line 4 is more than, or equal to, line 1, you have no medical expenses due to the home improvement. Stop here. ▪ If line 4 is less than, or equal to, line 1, go to line 5. 	
5.	Subtract line 4 from line 1. These are your eligible medical expenses due to the home improvement.	

Worksheet Example:

You have a heart ailment. Your doctor recommends you install an elevator in your home so that you will not have to climb stairs. The elevator costs \$8,000. A professional appraisal shows that the elevator increases the value of your home by \$4,400. You determine your eligible medical expenses as shown below

1.	Enter the amount you paid for the home improvement	\$8,000
2.	Enter the value of your home immediately after the improvement*	\$124,400
3.	Enter the value of your home immediately before the improvement.*	\$120,000
4.	Subtract line 3 from line 2. This is the increase in the value of your home due to home improvement. <ul style="list-style-type: none"> ▪ If line 4 is more than, or equal to, line 1, you have no medical expenses due to the home improvement. Stop here. ▪ If line 4 is less than, or equal to, line 1, go to line 5. 	\$4,400
5.	Subtract line 4 from line 1. These are your eligible medical expenses due to the home improvement.	\$3,600

* A professional appraisal must be used to determine the before and after value of your home.

Operation and Upkeep: Amounts you pay for operation and upkeep of a capital asset qualify as medical expenses, as long as the main reason for them is medical care. This rule applies even if none, or only part, of the original cost of the capital asset qualified as a medical expense.

Example: If, in the previous example, the elevator increased the value of your home by \$8,000, you would have no eligible medical expense for the cost of the elevator. However, the cost of the electricity to operate the elevator and any costs to maintain it are eligible medical expenses as long as the elevator exists because of a valid medical reason.