Impairment Related Work Expenses (IRWEs) for Farmers and Farm Workers

According to IRS Publication 502 and 529, individuals can deduct from their taxes, Impairment Related Work Expenses (IRWEs) incurred as a result of an individual’s disability, either physical or mental, that limits their employment or significantly reduces one or more of life's major activities. These major activities include performing manual tasks, learning, walking, breathing, and working. Expenses incurred to maintain a suitable place of work might include attendant care, spatial adaptations, adaptive technologies, assistive devices, and other expenses in connection with your workplace that are necessary for you to be able to perform your work.

Example
An individual is diagnosed with a cervical spine fracture, leaving him paraplegic as a result of a tragic incident. In order to function, he must use mobility devices both during work on the farm, as well as outside of the place of work. Expenses can be deducted, related to the cost of mobility devices, assistive technologies, and equipment adaptations, while they are used for work only.

Impairment Related Work Expenses Could Include:
- Medical service expenses
- Medication and medical supply costs
- Medical device costs: wheelchairs, hemodialysis equipment, pacemakers, respirators, traction equipment and braces
- Prosthesis: artificial knee/hip, artificial replacement of an arm, leg, or other parts of the body
- Attendant care costs preparing you for work
- Out-of-pocket transportation costs in certain situations
- Out-of-pocket job coaching expenses
- Modifications costs to your home, to allow you to work
- Modification costs for vehicles and other items, to allow you to work
- All impairment-related work-assistive devices, services, methods or systems, including service animals
- Devices or appliances essential for the control of disabling condition (for example, an electric air cleaner if recipient has severe respiratory disease). Physician must verify this need.

How to Report Impairment Related Work Expenses
Consult with a tax professional to correctly deduct expenses and maximize the opportunities to report deductions. For an Impairment Related Work Expense deduction to be allowable, the following criteria must be met:
• The expense must be related to an impairment treated by your healthcare provider, and
• The expense must help you work, and
• The expense must be paid by you and not reimbursed by another source, and
• The expense must take place within the month in which you work, and
• The expense must be reasonable

As an employee the IRWE is entered on either form 2106 or form 2106-EZ. That information is entered on Schedule A of form 1040, line 28, or Schedule A on form 1040NR at line 14, that part of the amount on form 2106, line 10, or form 2106-EZ, line 6, which is related to your impairment. Enter the unreimbursed employee expenses that are unrelated to your impairment on Schedule A (Form 1040), line 21, or Schedule A (Form 1040NR), line 7.

As a self-employed person with IRWEs enter the expense amount on the appropriate form Schedule C, C-EZ, E, or F, which are used to report your business income and expenses. For self-employed farmers this would be located on Schedule F of form 1040, line 32.

Note: If self-employed, any specific items that were deducted already as a business expense cannot be deducted as an Impairment Related Work Expense.

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References

About AgrAbility Based Fact Sheets
These fact sheets were developed to promote success in agriculture for Ohio's farmers and farm families coping with a disability or long-term health condition. AgrAbility offers information and referral materials such as this fact sheet, along with on-site assessment, technical assistance, and awareness in preventing secondary injuries. Fact sheets were developed with funding from NIFA, project number OHON0006.