

New Deductibility Rules for Weight-loss Programs

Okay, let's admit the obvious. Most of us have put on a few pounds since we left high school. A little here, a little there, and before you know it your doctor is telling you it's time to lose a few pounds. If all of this has you thinking about signing up for a weight loss program or an exercise program at your local health club, the IRS is here to help.

In a recent ruling, the IRS explained two situations where taxpayers may be able to claim a deduction for at least some of the costs of a weight loss or exercise program. Here's the story.

Two taxpayers we'll call Adam and Betty go to their doctor. Both are told that they need to lose weight - Adam because he's obese; Betty because she suffers from hypertension and her doctor feels she needs to lose weight to help treat the hypertension.

Adam and Betty both sign up for a weight loss program and pay an additional fee to attend periodic meetings. They also purchase reduced-calorie diet food items sold by the weight loss program sponsor. Neither of them is reimbursed by insurance or otherwise for the costs of the weight-loss program or related food.

The IRS concludes that both Adam and Betty may deduct the cost of joining the weight loss program and attending the periodic meetings as a medical expense. The key is that they're doing this on the advice of a physician (advice that should be put in writing) as treatment for a specific problem rather than simply to improve their appearance, general health, or sense of well-being. However, the IRS says none of the costs for the special diet food are deductible because the foods are a substitute for what Adam and Betty would normally consume. Apparently this is true even though the diet food likely costs more than what they would typically spend on food.

Unfortunately, in many weight loss programs the cost of the food is by far the biggest expense. Still, the new IRS position offers taxpayers the hope of getting at least some tax deduction if the non-food costs of a weight-loss program and your other out-of-pocket medical expenses exceed the threshold for claiming a medical expense deduction or if you have a flexible spending medical expense reimbursement plan at work that will allow you to reimburse yourself for such expenses on a pre-tax basis.

In another bit of good news, the new IRS position is retroactive to all open tax years. Thus, if you've paid for a weight loss or exercise program in the last few years on the advice of your doctor, call us so we can decide together whether it might be worth amending a prior year return to seek a tax refund.