

Is Your Healthy Resolution Tax Deductible?

By Robert W. Wood

The end of the holidays leaves many Americans unhappy with their waistlines. For that reason, many of us make New Year's resolutions about our health. We also often start worrying about taxes in January. All of those annoying but terribly important Internal Revenue Service Forms 1099 will start showing up in your mail later this month. After that, tax return season will be fully underway.

This confluence of events is one reason many people think about claiming tax deductions for their new year's resolution. As millions of people are looking for tax deductions, can you deduct the cost of getting healthy? The answer can often hinge on exactly what the doctor orders and for what condition. But the safest answer is to look elsewhere for deductions.

The IRS has ruled Weight Watchers meals aren't deductible, even if weight reduction has been ordered by a doctor. Even a special diet for a sufferer of Crohn's disease — a serious inflammatory disease affecting the gastrointestinal tract — isn't deductible because the patient has to eat to survive. On the other hand, a doctor-prescribed supplement taken on top of normal nutrition should be deductible. What qualifies as a medical expense for tax purposes is surprisingly broad.

In fact, swimming pools, vacations and spa visits, all might qualify. An expense for the diagnosis, cure, mitigation, treatment or prevention of disease qualifies. In contrast, an expense merely beneficial to general health does not. False teeth, prescription eyeglasses, contact lenses, laser eye surgery, hearing aids, crutches, wheelchairs and guide dogs for the blind or deaf are deductible medical expenses.

You can also deduct premiums you pay for nursing home and health insurance. You cannot deduct funeral or burial expenses, health club dues, over-the-counter medicines, toothpaste, toiletries or cosmetics. Costs of special foods and beverages qualify if prescribed by a doctor to alleviate or treat a specific illness.

However, they only qualify if they are in addition to the taxpayer's normal diet, and if they are not part of the patient's nutritional needs. To be deductible, the food cannot substitute for something else you would consume. For more line-drawing, consider Revenue Ruling 79-151, where the IRS said a weight-loss program to improve general health or appearance didn't qualify. But in Revenue Ruling 2002-19, the IRS said you can deduct a weight-loss program treating for a specific disease diagnosed by a physician. If you're diagnosed as obese that should be sufficient.

Medically needed modifications to your home are deductible. Still, they are only deductible to the extent they do not add value to your home. As an example, a wheelchair ramp you build to accommodate your mother when she moves in with you is likely to be deductible.

In contrast, a home renovation that includes a luxurious wheelchair accessible bathroom that you figure you might need some day is not deductible. In the same vein, if you need a home care attendant, only part of his/her salary is likely to be deductible. The pay you lay out for nursing services the aide performs, such as changing dressings, are qualified medical expenses. But the cost of other household services the attendant provides are not deductible.

With all of these items, you should obtain written advice from your doctor prescribing your particular treatment regimen. Then, keep proof that you followed the prescribed regimen, and that you actually incurred the expenses. Much will depend on how good your records are and how high your expenses are compared with your income.

On that point, this may be the most important rule of all when it comes to medical expenses. You will get no deduction unless you itemize your deductions. Even for costs that qualify, there is a very high threshold. You can only deduct qualified medical expenses to the extent they exceed 10 percent of your adjusted gross income.

That means if your adjusted gross income is \$100,000, the first \$10,000 of medical expenses are on you. If you or your spouse is age 65 or over, you can still use the prior law 7.5 percent threshold until 2017. Of course, even 7.5 percent of adjusted gross income is a high hurdle.

Some of the line-drawing can seem downright bizarre. For example, the IRS ruled that a mother with a double-mastectomy could not deduct the cost of her baby's formula as a medical expense. *See* Private Letter Ruling 200941003. Although the baby's need for formula was clear, the infant was healthy and the formula was satisfying his normal nutritional needs. That meant no deduction.

In contrast, it may seem odd that some taxpayers have successfully written off everything from swimming pools to patio awnings to clarinet lessons (needed for a dental problem) as medical expenses. The deduction is allowed for out-of-pocket spending on the medical care of a taxpayer, spouse or a dependent. Medical care includes diagnosis, cure, mitigation, treatment or prevention of a disease or disability. Note that the "mitigation" of a disease or disability can cover a lot of expensive territory.

Not surprisingly, you cannot deduct expenses covered by insurance or those paid from otherwise tax-advantage accounts, such as Flexible Spending Accounts or Health Savings Accounts. Normal living expenses don't qualify.

So is your diet deductible? If it's special, medically required food you're claiming, you'll need a statement from your doctor. Plus, no matter what your doctor says, you need to make sure the food items do not substitute for something else you would otherwise be consuming. For that reason, prescribed low calorie foods do not qualify as medical expenses. They are substitutes for the food you would normally consume to satisfy nutritional requirements.

Written documents are key. Many unusual medical expenses have passed muster under the tax law because of good documentation. You want written advice from your doctor prescribing the particular treatment regimen. You should also maintain proof that you followed the prescribed regimen, and proof that you actually incurred the expenses.



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