

IRS has ruled that the cost of participating in a smoking-cessation program is deductible as a medical expense. You can deduct smoking-cessation expenses even if you are healthy—there's no requirement that you be diagnosed as having a specific disease. Nor do you need your doctor's approval to participate in such a program. But you will need a prescription to deduct any drugs you take to alleviate the effects of nicotine withdrawal. Thus, you won't be able to deduct the costs of non-prescription nicotine gum or nicotine patches.

If you are taking a smoking-cessation program this year or plan to take one in the future you can add the costs of the program to your other medical expenses in determining whether you have enough total medical expenses to itemize. Since you can elect when to incur the costs, you have the opportunity to wait until you incur enough other medical expenses so your total will be high enough to itemize. Remember, you can also include the smoking cessation expenses you incur for your spouse or dependents.

Even if your total medical expenses are too low to deduct, you may be able to get the cost of a smoking cessation program as a tax-free benefit under your employer's medical plan if your employer's plan covers them, or you may be able to pay for the program from pre-tax contributions by setting up a medical flexible spending account.

We would be happy to go over these tax-saving opportunities with you in more detail. If you have any questions, please call.