

Amounts Paid for Certain Personal Protective Equipment Treated as Medical Expenses

Announcement 2021-7

This announcement notifies taxpayers that amounts paid for personal protective equipment, such as masks, hand sanitizer and sanitizing wipes, for the primary purpose of preventing the spread of the Coronavirus Disease 2019 (COVID-19 PPE) are treated as amounts paid for medical care under § 213(d) of the Internal Revenue Code (Code). Therefore, amounts paid by an individual taxpayer for COVID-19 PPE for use by the taxpayer, the taxpayer's spouse, or the taxpayer's dependent(s) that are not compensated for by insurance or otherwise are deductible under § 213(a) provided that the taxpayer's total medical expenses exceed 7.5 percent of adjusted gross income.

Because these amounts are expenses for medical care under § 213(d) of the Code, the amounts are also eligible to be paid or reimbursed under health flexible spending arrangements (health FSAs), Archer medical savings accounts (Archer MSAs), health reimbursement arrangements (HRAs), or health savings accounts (HSAs). However, if an amount is paid or reimbursed under a health FSA, Archer MSA, HRA, HSA or any other health plan, it is not deductible under § 213.

Group health plans, including health FSAs and HRAs, under the terms of which expenses for COVID-19 PPE may not be reimbursed, may be amended pursuant to this announcement to provide for reimbursements of expenses for COVID-19 PPE incurred for any period beginning on or after January 1, 2020, and such an amendment will not

be treated as causing a failure of any reimbursement to be excludable from income under § 105(b) or as causing a § 125 cafeteria plan to fail to meet the requirements of § 125. Group health plans may be amended pursuant to this announcement if the amendment is adopted not later than the last day of the first calendar year beginning after the end of the plan year in which the amendment is effective, no amendment with retroactive effect is adopted after December 31, 2022, and the plan is operated consistent with the terms of the amendment, including during the period beginning on the effective date of the amendment through the date the amendment is adopted.

DRAFTING INFORMATION

The principal author of this announcement is Amy S. Wei of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information concerning this announcement, contact Ms. Wei at (202) 317-7011 (not a toll-free call).