

PROGRAMS TO STOP SMOKING NOW TAX-DEDUCTIBLE

WASHINGTON -- The Internal Revenue Service today added another benefit to the value of programs to help people stop smoking: the cost of these programs counts as a medical expense for taxpayers who itemize deductions.

Citing reports of the Surgeon General from 1988 to 1998, the IRS noted that scientific evidence has established that nicotine is addictive and that smoking is detrimental to a smoker's health. In light of this, the IRS revoked a 1979 ruling and said that taxpayers may count the unreimbursed costs of smoking-cessation programs as deductible medical expenses, even though they have no specific ailment or disease.

Taxpayers may also deduct expenses for prescription drugs designed to alleviate nicotine withdrawal. However, the tax law does not allow a deduction for over-the-counter medications, such as non-prescription nicotine patches and gum. The law also limits the itemized deduction for unreimbursed medical expenses to the amount by which these expenses exceed 7½ percent of adjusted gross income.

Taxpayers who paid for smoking-cessation programs in recent years might get a refund by filing an amended tax return. Those who already had enough medical expenses to deduct them should amend their returns to include the smoking program costs. Other taxpayers should check their returns to see if these added expenses would give them enough medical expenses to itemize. A person may generally file an amended return on Form 1040X until three years from the due date of the original return.

Revenue Ruling 99-28, which explains the deductibility of smoking-cessation programs, will be in Internal Revenue Bulletin 1999-25, dated June 21, 1999, and will be available through the IRS Web site at www.irs.ustreas.gov.

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