

Weight Watchers Reimbursement Tax Implications

If you are a state employee and eligible for a state health plan - COVA Care, COVA Connect, COVA HDHP or the Kaiser Permanente HMO - you may be reimbursed from the Commonwealth for one-half of the amount paid for Weight Watchers® services. The amount you are reimbursed is considered taxable.

The Department of Human Resource Management relies on the tax expertise of the Department of Accounts and other consultants for special knowledge of U.S. Internal Revenue Service (IRS) regulations. The health benefits program is administered by the Commonwealth as your employer.

The IRS considers the payment to Weight Watchers® participants to be a payment for a personal expense and therefore taxable income. It is not a reimbursement of a work-related expense such as pay for mileage (or a conference) which would be non-taxable. If identified as a "reimbursement under a health care plan," to be excluded from income it must be deductible as an eligible medical expense under IRS Code Section 213(d). Specifically identified as a non-deductible medical expense item under this IRS Code Section are "weight loss programs."

As a result, applicable federal, state, local and FICA taxes on your reimbursement will be payroll deducted and reported on the W-2 form you receive for the appropriate year. Reimbursements will be reported to payroll monthly for timely deduction of taxes from your paycheck.

If you have questions, please send an e-mail to ohb@dhrm.virginia.gov.