

# CARROT

## Carrot & Taxes

*Carrot cannot provide tax advice and would recommend that you consult your tax professional for formal guidance and if you have more specific questions.*

### Are the reimbursements I get from Carrot taxable?

Funds you use through Carrot may be taxed as additional income due to Internal Revenue Service (IRS) requirements. Once you've used Carrot funds, a subsequent pay stub may reflect that additional income and any payroll taxes that apply. Depending on factors including where you live and what kind of care you received, those withheld taxes can decrease the size of your paycheck — sometimes significantly. In the U.S., [qualified medical expenses](#) (QMEs) may not be subject to taxes.

### What is a qualified medical expense (QME)?

In the U.S., qualified medical expenses (QMEs) are specific healthcare costs that may not be subject to taxes. Please view your benefit guide for more information.

- QMEs include eligible fertility preservation expenses related to an infertility diagnosis or medical necessity, as determined by a fertility doctor. There are certain exceptions that are non-QMEs. Please view your benefit guide for more information.
- QMEs include eligible fertility care expenses related to an infertility diagnosis issued by a fertility doctor. Related donor assistance expenses are not QMEs.
- All eligible menopause expenses are QMEs, with certain exceptions that are non-QMEs. Please view your benefit guide for more information.
- All eligible low testosterone expenses are QMEs.
- All eligible gender-affirming care expenses are QMEs.

### What is a non-qualified medical expense (non-QME)?

All other expenses are non-QMEs. Carrot funds you use for eligible non-QMEs may be [taxed as additional income](#). Please view your benefit guide for more information.

- All eligible gestational surrogacy expenses are non-QMEs.
- All eligible adoption expenses are non-QMEs.
- All eligible pregnancy and postpartum expenses are non-QMEs.

### How do I know if I have an infertility diagnosis?

If you're not sure, ask your fertility doctor. Based on local standards of practice, a doctor may diagnose infertility if pregnancy does not occur within a specific timeframe of unprotected intercourse or insemination. An infertility diagnosis may also be issued due to:

- Ovulation issues or diminished ovarian reserve
- Problems with semen, sperm, or ejaculation
- Anatomical, endocrine, genetic, or functional differences in the reproductive system

### How do I know if my care is medically necessary?

If you're not sure, ask your fertility doctor. Medical necessity for fertility preservation is determined by a doctor based on health issues or treatments that could significantly impact the reproductive system. For example, treatment may be considered medically necessary before undergoing certain types of chemotherapy or surgery.

*This is not tax advice. Please consult a tax professional for formal guidance on filing and paying taxes.*