

Long-term care insurance premiums tax credit



December 2005

www.oregon.gov/DOR

Oregon allows a tax credit for long-term care insurance premiums.

Who can claim the credit?

To qualify, you must hold a policy that was issued on or after January 1, 2000, and you, your parents, or your dependents must be the beneficiaries. You may also claim the credit if you're an employer paying for long-term care insurance for your employees.

How much is the credit?

The credit is the smaller of 15 percent of the premiums paid or \$500. If you and your spouse file separate returns, you must prorate the credit, but can prorate it any way you choose. The combined credits on each spouse's separate return can't be more than the credit you would be allowed on a joint return.

For employers, the credit is the smaller of 15 percent of the premiums paid or \$500 multiplied by the number of Oregon employees covered.

Example 1: Ian purchased a long-term care insurance policy for himself in 2000. In 2005 he paid \$920 of premiums to renew his policy. Ian's credit is \$138 ($\920×15 percent).

Example 2: Jena purchased a long-term care insurance policy for herself in 1997. In 2005 she paid \$640 of premiums to renew the policy. Because Jena purchased her policy before 2000, she cannot claim this credit.

Example 3: Chevy purchased a long-term care insurance policy in 2005 for his elderly parents, Peter and Pansy. He paid \$2,600 in premiums. His parents are the beneficiaries. Chevy also paid \$500 in premiums to renew the long-term care insurance policy he purchased in 2001. He is the beneficiary. Chevy paid a combined total of \$3,100 in premiums on the two policies. His credit is \$465 ($\$3,100 \times 15$ percent).

You must report any benefit from a federal deduction for the premiums as an Oregon addition.

Part-year residents and nonresidents. Multiply the credit allowed a full-year resident by your Oregon percentage.

No carryover. Your credit cannot be more than your tax liability for Oregon. Any credit not used this year is lost.

Taxpayer assistance

General tax information www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:

Salem 503-945-8618
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

