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**Deductibility of Long-Term Care  
As Medical Expenses:  
Income Tax Planning for Long-Term Care**

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## Table of Contents

I.	INTRODUCTION .....	2
II.	MEDICAL EXPENSE DEDUCTION .....	2
A.	AMOUNT OF THE DEDUCTION .....	2
B.	LONG TERM CARE AS A DEDUCTIBLE MEDICAL EXPENSE .....	3
1.	STATUTORY AUTHORITY .....	4
2.	WHAT QUALIFIES AS LONG-TERM CARE SERVICES .....	4
3.	IN-HOME CARE PROVIDERS .....	6
4.	TIMING OF THE DEDUCTION .....	8
5.	WHO CAN CLAIM THE DEDUCTION .....	8
6.	DEDUCTING MEDICAL EXPENSES OF A DEPENDENT .....	8
III.	INCOME TAX CREDITS FOR CHILDREN AND ADULT DEPENDENTS .....	12
A.	Child Tax Credit .....	13
B.	Other Dependents Credit .....	13
C.	Example .....	13
D.	Personal Exemptions .....	14
IV.	HEAD OF HOUSEHOLD STATUS .....	14
V.	DEDUCTING LONG-TERM CARE INSURANCE PREMIUMS .....	14
	Insurance Contract Safe-Harbors. ....	15
VI.	REDUCING INCOME TAXATION OF DISTRIBUTIONS FROM INHERITED IRAS 17	
VII.	CONCLUSION .....	17

## **APPENDIX LIST**

APPENDIX "A"	IRS Pub. 501 Standard Deduction Table for 2022
APPENDIX "B"	IRS Pub. 501 Dependents, Standard Deduction and Filing Information
APPENDIX "C"	IRC Sec. 213 Medical Expenses
APPENDIX "D"	12 CFR Sec. 1-213-1
APPENDIX "E"	IRC Sec. 7702B--Treatment of Qualified Long-term Care Insurance
APPENDIX "F"	IRS Notice 97-31 Long-Term Care Services and Insurance
APPENDIX "G"	Certification of Chronically Ill Person
APPENDIX "H"	IRC Sec. 152 Dependent Defined
APPENDIX "I"	IRS Taxable Income of Social Security
APPENDIX "J"	IRS Taxation of Social Security
APPENDIX "K"	IRS Schedule 8812 Child and Other Dependents Tax Credit
APPENDIX "L"	Instructions for Schedule 8812 For Credits for Children and Other Adults
APPENDIX "M"	IRS Standard Deduction Worksheet for Dependents

# **Deductibility of Long-Term Care as Medical Expenses: Income Tax Planning for Long-Term Care**

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## **I. INTRODUCTION**

When planning for an individual with disabilities and their family, we can consider how to maximize the funds available to them by taking advantage of all available income tax deductions and credits. Many families are stretched beyond their means when caring for a loved one who is disabled. If we are able to direct them to tax deductions or credits, we benefit the families.

Most families are not aware that costs for long-term care services may be deductible as a medical expense by a chronically ill individual. A relative of the individual may be able to take the medical expense deduction as if it were their own if the disabled person qualifies as a dependent. Home health care by a non-professional may also be deductible, depending upon who is providing the service and the nature of the service.

Other ways to reduce income tax include taking a tax credit for dependent children or disabled adults, deductions for long-term care insurance premiums, and possibly reducing the income tax incurred from inherited IRAs.

## **II. MEDICAL EXPENSE DEDUCTION**

### **A. AMOUNT OF THE DEDUCTION**

To help offset some of the cost of medical care, a taxpayer can deduct expenses incurred for medical care to the extent that the expenses exceed 7.5% of their adjusted gross income (AGI) under Internal Revenue Code (IRC) § 213.<sup>1</sup> The medical expense deduction is only available as an itemized deduction and must not be otherwise compensated by insurance or other means.<sup>2</sup> The high cost of long-term care expenses often means that an itemized deduction may be more beneficial to a taxpayer than taking the standard deduction.

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<sup>1</sup> I.R.C. § 213(a)

<sup>2</sup> *Id.*

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