New York State Department of Taxation and Finance

Instructions for Form IT-249
Claim for Long-Term Care Insurance Credit

IT-249-I

This form may be e-filed as an attachment to an e-filed return; you cannot e-file this form by itself.

New for 2005

For tax years beginning on or after January 1, 2005, the long-term care insurance credit is limited for part-year and nonresident individuals, estates, and trusts to the amount determined by multiplying the total credit amount by your income percentage (see Schedule G).

General information

Taxpayers who pay premiums for qualified long-term care insurance may claim a credit against their personal income tax. The credit is equal to 20% of the premiums paid during the tax year for the purchase of or for continuing coverage under a qualifying long-term care insurance policy.

A *qualifying long-term care insurance policy* is one that

— is approved by the New York State Superintendent of Insurance under Insurance Law section 1117 (g); **and**

— is a qualified long-term care insurance contract under Internal Revenue Code (IRC) section 7702B. (Note that section 7702B relates to policies for which a federal itemized deduction is allowed.)

or

— is a group contract delivered or issued for delivery outside New York State; **and**

— the group contract is a qualified long-term care insurance contract under IRC section 7702B. The premiums paid for this insurance qualify for the credit even if the policy is not approved by the New York State Superintendent of Insurance.

A *qualified long-term care insurance contract* under IRC section 7702B is an insurance contract that provides only coverage of qualified long-term care services. The contract must

1. be guaranteed renewable;
2. not provide for cash surrender value or other money that can be paid, assigned, pledged, or borrowed;
3. provide that refunds, other than refunds on the death of the insured or complete surrender or cancellation of the contract, and dividends under the contract must be used only to reduce future premiums or increase future benefits; **and**
4. generally not pay or reimburse expenses incurred for services or items that would be reimbursed under Medicare, except where Medicare is a secondary payer, or the contract makes per diem or other periodic payments without regard to expenses.

The insurance company that issued your policy should be able to tell you if the policy qualifies under IRC section 7702B.

This credit is not refundable. If the amount of credit exceeds the taxpayer's tax for the year, the excess may be carried over to the following year or years.

Who is eligible to claim this credit?

— individuals

— estates or trusts

— partners in a partnership (including members of an LLC treated as a partnership for federal income tax purposes)

— shareholders of a New York S corporation

— beneficiaries of an estate or trust

Important reminder to file a complete return

You must complete all required schedules and forms that make up your return, and include them when you file. Attach **only** those forms and schedules that apply to your return, and be sure that you have made all required entries. Returns that are missing required pages or that have missing entries on those pages are considered incomplete and cannot be processed, and may subject you to penalties and interest.

Filling in your tax forms

For complete information on how to fill in New York State scannable income tax forms, see the instructions for:

- resident return (Form IT-201),
- nonresident and part-year resident return (Form IT-203),
- partnership return (Form IT-204), **or**
- fiduciary return (Form IT-205).

Also see the instructions for the above returns for the *Privacy notification* or if you *Need help* in contacting the Tax Department.

Line instructions

Partners in a partnership, New York S corporation shareholders, and beneficiaries of an estate or trust: Complete Schedule B, Schedule C, Schedule E, and Schedule F (full-year residents), or Schedule G (nonresidents and part-year residents); and if applicable, also complete Schedule D and Schedule H.

Individuals (including sole proprietors): Complete Schedule A, Schedule E, and Schedule F (full-year residents), or Schedule G (nonresidents and part-year residents), and if applicable, also complete Schedule B, Schedule C, Schedule D; Schedule H.

Partnerships: Complete Schedule A and Schedule E, and if applicable, Schedule B, Schedule C, and Schedule D.

Fiduciaries: Complete Schedule A, Schedule D, Schedule E, and Schedule F (full-year residents) or Schedule G (nonresidents and part-year residents); if applicable, also complete Schedule B and Schedule C.

Schedule A — Individuals (including sole proprietors), partnerships, and fiduciaries

Line 1 — Enter the amount of premiums paid during the year for qualified long-term care insurance.

Include on line 1

— any premiums you paid as an individual for qualified long-term care insurance, **and**

— any premiums you paid for qualified long-term care insurance as an employer for an employer-sponsored health insurance plan and the premiums were not included in box 1 of your employees' federal Forms W-2.

Do not include on line 1

— any qualified long-term care insurance premiums paid for you by an employer-sponsored health insurance plan, unless the premiums are included in box 1 of your federal Form W-2, **and**

— insurance premiums paid with pretax dollars because they are not included in box 1 of your federal Form W-2.

If you are married and filing a joint return, include the total premiums paid by you and your spouse.

Schedule B — Partnership, S corporation, estate, and trust information

Enter the appropriate information for each partnership, New York S corporation, estate, or trust from which you received a share of the credit for qualified long-term care insurance. If you need more space attach a separate schedule. Include your name and taxpayer identification number on the attachment.

Schedule C — Partner's, shareholder's, or beneficiary's share of credit

Enter your share of the credit received from a partnership, New York S corporation, estate, or trust on the appropriate line. This information can be obtained from the partnership, New York S corporation, estate, or trust. If you belong to more than one partnership, New York S corporation, estate or trust, enter the total of all your shares of the credit on the appropriate line. Fiduciaries: Include on line 6 only your share of the credit from another estate or trust.

Schedule D — Beneficiary's and fiduciary's share of credit

If an estate or trust allocates or assigns the credit to its beneficiaries, base the division on each beneficiary's proportionate share of income of the estate or trust.

Schedule F — Full Year NYS residents computation of total credit

Line 13 – Enter the amount of net credit available for carryover to 2005. The net credit available for carryover is that portion of your prior year credit from 2004 Form IT-201-ATT, line 63; 2004 Form IT-203-B, line 49; or 2004 Form IT-205, line 10, that was not applied to your 2004 tax.

Schedule G — New York State nonresidents and part-year residents computation of total credit

Line 18 – Enter the amount of net credit available for carryover to 2005. The net credit available for carryover is that portion of your prior year credit from 2004 Form IT-201-ATT, line 63; 2004 Form IT-203-B, line 49; or 2004 Form IT-205, line 10, that was not applied to your 2004 tax.

Schedule H — Application of credit and computation of carryover

You must first complete Form IT-201-ATT, *Other Tax Credits and Taxes*, or Form IT-203-ATT, *Other Tax Credits and Taxes,* before you complete this section. Follow the instructions for Section B of Form IT-201-ATT or Section B of Form IT-203-ATT to determine the amount of credit to enter on line 21.