



Form IT-201 and IT-203 Filers
Revised Instructions for Subtraction Modification S-24,
Regarding the Qualified Long-Term Care Insurance Modification

On October 31, 2001, Governor George E. Pataki signed into law Chapter 417 of the Laws of 2001. This Chapter, in part, changes the personal income tax treatment of premiums paid on certain long-term care insurance during tax years beginning in 2001.

Before enactment of this legislation, in order to qualify for the long-term care insurance subtraction modification (S-24) claimed on Form IT-201 or Form IT-203, a long-term care insurance policy had to be:

- approved by the New York State Superintendent of Insurance (pursuant to section 1117(g) of the Insurance Law); and
- a qualified long-term care insurance contract pursuant to section 7702B of the Internal Revenue Code. (Note: Section 7702B relates to policies for which a federal itemized deduction is allowed.)

Effective for tax years beginning in 2001, the law was amended to provide that premiums paid by the taxpayer under a group insurance policy for long-term care will **also** qualify for the subtraction modification if the policy meets the following two conditions:

- the policy is issued or situated outside New York State; **and**
- the policy is a qualified long-term care insurance contract under section 7702B of the Internal Revenue Code.

The premiums paid by the taxpayer for this insurance qualify for the subtraction modification even if the policy is not approved by the New York State Superintendent of Insurance.

Since this legislation was pending at the time the 2001 personal income tax forms and instructions were printed, the instructions for Form IT-201 and Form IT-203 relating to the qualified long-term care insurance subtraction modification (S-24) do not reflect the new legislation. Accordingly, please refer to the revised instruction below in preparing your 2001 New York State Form IT-201 or Form IT-203. Please note that only the first paragraph of the instructions for subtraction modification S-24 has been revised. The remainder of the instructions, including the limitation chart and the instructions for part-year residents filing Form IT-203, is unchanged.

The first paragraph of the instructions for the qualified long-term care insurance subtraction modification (S-24) should now read as follows:

S-24 Qualified long-term care insurance – Qualifying long-term care insurance means a policy that is a qualified long-term care insurance contract under section 7702B of the Internal Revenue Code and that is either:

- approved by the New York State Superintendent of Insurance (pursuant to section 1117(g) of the Insurance Law), or
- a group contract long-term care insurance policy issued or situated outside New York State.

A group contract long-term care insurance policy means a policy that covers more than one individual (e.g., a long-term care insurance policy offered by an employer to its employees).

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