States with tax incentives for long-term care insurance

The information contained in the tax incentive chart below reflects state tax incentives in effect as of the date of the chart's publication, and may not reflect recent changes in state law.

This information is not tax advice. Neither Prudential nor its financial professionals provide tax or legal advice.

PLEASE NOTE: In several states, the starting point for computation of state taxable income is Federal Adjusted Gross Income.

Hence, while the state statute does not specifically identify deductions for long-term care insurance, the federal benefit is passed through to the state level for self-employed individuals, partners, LLC shareholders and >2% S corporation shareholders.

Tax Incentives By State

State	Legal Authority	Description of Incentives
Alabama	Ala. Code §40-18-15; Reg. §810-3-15.26	The premiums paid for a long-term care insurance contract are deductible if the contract meets specific requirements.
Arizona	Arizona Code §43-102	Allows some deductions as permitted on federal return for adjustment to gross income, i.e., deduction for self-employed, partner, MSA account, etc.
Arkansas	Reg. §1.26-51-423(a)(2)	Long-term care insurance premiums may be deductible as medical expenses when such premiums are paid towards "qualified" long-term care insurance as defined under federal law.
	Reg. §1.26-51-423(a)(1)	Self-employed can deduct 80% of premiums paid on schedule C for "qualified" long-term care insurance as defined under the federal law.
Califor-nia	Cal. Rev. & Tax Code §17201	Tax deduction for the purchase of qualified long-term care insurance premiums, covering an individual, with certain limitations.
Colorado	Col. Rev. Stat. §39-22-122	State income tax credit equal to 25% (up to $150 for couples) of long-term care insurance by individuals with income less than $50,000 ($100,000 for joint returns).
District of Columbia	DC Official Code §47-1803.03	Deduction for premiums paid up to a maximum of $500 per year per individual, regardless of filing status.
Hawaii	Haw. Rev. Stat. §235-2.4	Establishes an individual state tax deduction for long-term care insurance premiums parallel to tax deductions allowed under federal law.
Idaho	Idaho Code §63-3022Q	Allows an individual taxpayer to deduct 100% of the cost paid for long-term care insurance for themselves and dependents for taxable years beginning on or after January 1, 2004.
Indiana	Ind. St. Ann. §6-3-1-3.5	Income tax deduction for long-term care insurance premiums paid for the benefit of an individual or spouse.
Iowa	Iowa. Admin. Code §701-40.48(422)	Premiums for long-term health insurance for nursing home coverage are eligible for a tax deduction to the extent that the premiums for long-term health care services are eligible for the federal itemized deduction for medical and dental expenses.
Kansas	Kan. Stat. Ann. §79-32, 117(c)(xvi)	Allows for a deduction of premium costs for qualified long-term care insurance up to a cap of $900 in 2009. Cap increases by $100 every year until it reaches $1,000 for years 2010 and after.
Kentucky	KRS §141-010	Excludes from income tax any amounts paid for long-term care insurance.
Maine	Me. Rev. St. 36 §5122(2)(L); 36 §2513; 36 §2525; 36 §5217-C	A person paying premiums for a long-term care policy contract which is certified by the superintendent shall qualify for an income tax deduction under Title 36, section 5122. Insurance companies offering long-term care policies certified by the superintendent shall qualify for reduced tax on premiums collected under Title 36, section 2513. An employer providing long-term care benefits to employees may qualify for a tax credit provided by Title 36, section 2525 or 5217-C.

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Tax Incentives By State
continued from reverse

State	Legal Authority	Description of Incentives
Maryland	Md. Tax. Code §10-710	Tax credit for costs incurred by employers that provide long-term care insurance as part of an employee benefits package. Regulations describing tax credit for employer-provided LTC insurance. Employer may claim credit of 5% of their costs to provide LTC insurance, up to the lesser of $5,000 or $100 times the number of participating employees.
	Md. Tax. Code §10-718	Gives credit against state income tax for LTC premiums if covered by TQ LTC after July 1, 2000. Credit capped at $500. Can claim 100% of premium for self, spouse, parents or children, up to $500 cap.
Minnesota	Minn. St. §290.0672; §290.01(6) Minn. St. §290.0672; §290.01(6)	Allows an individual tax credit for long-term care insurance premiums paid during the tax year. The credit is equal to the lesser of 25% of premiums paid to the extent not deducted in determining federal taxable income or $100. The maximum total credit allowed per year is $200 for married couples filing jointly and $100 for all other filers. Deduction also allowed to extent long-term care insurance costs are not used to claim credit.
Mississippi	Ms. Code. Ann,. §27-7-22.33	A taxpayer shall be allowed a nonrefundable credit against the income taxes imposed under this chapter in an amount equal to twenty-five percent (25%) of the premium costs paid during the taxable year for a qualified long-term care insurance policy with a maximum credit of $500. A credit is not permitted for any amounts that were deducted in arriving at taxable income.
Missouri	Mo. Rev. St. §135.096	Allows an individual tax deduction equal to 100% of premiums paid for qualified long-term care insurance which are non-reimbursed and are not included in an individual's itemized deductions.
Montana	Mont. Code. Ann. §15-30-121	Allows for a tax deduction on premiums paid for long-term care insurance coverage for the benefit of the taxpayer, or the taxpayer's parents or grandparents.
Nebraska	Ne. Rev. Stat. §77-2716	Allows a deduction for the amount of annual contributions made to a Nebraska Long-Term Care Savings Plan account with a participating financial institution. The maximum annual deductible contribution is $1,000 for a single, head-of-household, or married-filing-separate return, or $2,000 for a married-filing-joint return.
New Jersey	N.J. Stat. §54A:3-3	Allows a deduction for medical expenses, including long-term care premiums, only to the extent they exceed 2% of gross income.
New Mexico	N.M. Stat. Ann. §7-2-35	Allows deduction for premiums paid as part of unreimbursed or uncompensated medical expenses. Deduction is limited based upon income level.
New York	N.Y. Tax Law §606(aa)	Provides for a tax credit for 20% of premium payments made to a long-term care insurance policy, provided the policy is approved by the superintendent of insurance.
North Carolina	N.C. G.S. §105-151.28(a)	Subject to income limits based on Adjusted Gross Income (AGI), a credit is available equal to 15% of the premium costs for long-term care insurance. Maximum credit is $350 per year. Provision sunsets after 2013.
North Dakota	N.D. Cent. Code §57-38-29.3	A credit against an individual's tax liability is provided for the amount of premiums paid during the year by the taxpayer for qualified long-term care partnership plan insurance coverage for the taxpayer and/or taxpayer's spouse. The maximum credit allowed in any year is $250 for each insured individual.
Ohio	Ohio. Rev. Stat. Ann. §5747.01(A)(11)	Allows an individual tax deduction for the purchase of long-term care insurance.
Oklahoma	68 Okl. Stat. §2353	Allows same deduction for state purposes as allowed under federal law.
Oregon	Or. Rev. Stat. §315.610	Establishes an income tax credit of lesser of 15% or $500 of premiums paid by individual for long-term care insurance covering the individual or a dependent or parent. Allows employers a credit of $500 per employee for which long-term care insurance was purchased.
Pennsylvania	72 P.S. §7303	Contributions by individuals and employers to health savings accounts and medical savings accounts are deductible from personal income tax.
Virginia	Va. Code. Ann. §58.1-322	Provides a deduction, from Federal Adjusted Gross Income in calculating Virginia taxable income, for long-term care insurance premiums for individuals who do not claim a similar deduction on their federal tax returns.
West Virginia	W. Va. Code §11-21-12c	Allows taxpayers to deduct from Federal Adjusted Gross Income, for state tax purposes, the cost of premiums paid for qualified long-term care insurance purchased for the taxpayer, the taxpayer's spouse, the taxpayer's parent or other dependent, to the extent that such deduction is not allowed for federal income tax purposes.
Wisconsin	Wis. Stat. §71.05(6)	A subtraction from Federal Adjusted Gross Income is allowed when computing Wisconsin Adjusted Gross Income for the amount paid by a person for a long-term care insurance policy for themselves or their spouses.

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