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111TH CONGRESS
1ST SESSION

S. 94

To amend the Internal Revenue Code of 1986 to provide for a nonrefundable tax credit for long-term care insurance premiums.

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 2009

Mr. VITTER introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to provide for a nonrefundable tax credit for long-term care insurance premiums.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Long-Term Care Family Accessibility Act''.

SEC. 2. NONREFUNDABLE TAX CREDIT FOR LONG-TERM CARE INSURANCE PREMIUMS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is

amended by inserting after section 25D the following new section:

"SEC. 25E. CREDIT FOR LONG-TERM CARE INSURANCE PREMIUMS.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the premiums paid during the taxable year for the coverage of any eligible beneficiary under any qualified long-term care insurance contract (as defined in section 7702B(b)).

"(2) ELIGIBLE BENEFICIARY.—For purposes of this section, the term 'eligible beneficiary' means—

"(A) the taxpayer,

"(B) the taxpayer's spouse,

"(C) the taxpayer's child,

"(D) a parent of the taxpayer or the taxpayer's spouse, or

"(E) any dependent of the taxpayer.

"(b) LIMITATIONS PER ELIGIBLE BENEFICIARY.—

"(1) PREMIUM AMOUNT.—The amount of the premiums incurred during any taxable year which may be taken into account under subsection (a) with

respect to each eligible beneficiary shall not exceed $4,000.

"(2) LIMITATION BASED ON NONDEPENDENT ELIGIBLE BENEFICIARY'S ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any taxable year with respect an eligible beneficiary who is not a dependent of the taxpayer if such beneficiary's modified adjusted gross income for such taxable year exceeds 300 percent of the Federal poverty line for such taxable year.

"(B) MODIFIED ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), the term 'modified adjusted gross income' means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

"(C) POVERTY LINE.—For purposes of subparagraph (A), the term 'poverty line' has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section.

"(c) IDENTIFICATION REQUIREMENT.—No credit shall be allowed under this section to a taxpayer with respect to any eligible beneficiary unless the taxpayer includes the name and taxpayer identification number of such beneficiary on the return of tax for the taxable year.

"(d) COORDINATION WITH OTHER DEDUCTIONS.—Any amount paid by a taxpayer for any qualified long-term care insurance contract to which subsection (a) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 162(l) or 213(a).".

(b) CONFORMING AMENDMENTS.—

(1) Section 6213(g)(2) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of subparagraph (L), by striking the period at the end of subparagraph (M) and inserting ", and", and by inserting after subparagraph (M) the following new subparagraph:

"(N) an omission of a correct TIN required under section 25E(d) (relating to credit for long-term care insurance premiums) to be included on a return.".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is

amended by inserting after the item relating to section 25D the following new item:

"Sec. 25E. Credit for long-term care insurance premiums.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

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