

Internal Revenue Service

Department of the Treasury

Index No.: 63.05-00

Washington, DC 20224



Person to Contact:

Peter A. Cohn, ID No. 50-01411

Telephone Number:

(202) 622-7900

Refer Reply To:

CC:ITA:2 – COR-137969-01

Date:

Aug. 31, 2001

Number: **INFO 2001-0236**

Release Date: 9/28/2001

Dear 

This responds to your letter dated August 4, 2001.

You have asked about the fact that long-term care premiums paid by you cannot be deducted on your individual income tax return, Form 1040A, which provides only for taking the standard deduction. You noted properly that a taxpayer who files a Form 1040 is allowed to include premiums for qualified long-term care in medical expenses reported on the Schedule A filed with the Form 1040.

Section 213(a) of the Internal Revenue Code allows as a deduction the expenses paid during the taxable year for medical care of the taxpayer, spouse, or dependent, if not compensated by insurance or otherwise, to the extent that such expenses exceed 7.5 percent of adjusted gross income. Premiums for long-term care are generally deductible as medical expenses under section 213.

By law, an individual who does not elect to itemize deductions is allowed to subtract from adjusted gross income only the standard deduction and the allowable personal exemptions. See section 63(b) of the Internal Revenue Code. The medical expense deduction is also not one of the items deducted from gross income in determining "adjusted gross income." See section 62 (a) of the Code. Consequently, by law, in order for an individual to deduct any medical expenses, including long-term care premiums, he or she must itemize deductions and attach Schedule A to the Form 1040.

It should be noted that a taxpayer otherwise eligible to use Form 1040A may elect to use the Form 1040 as an alternative. The instructions to the 2000 Form 1040 point out that if allowable itemized deductions exceed the appropriate standard deduction and the taxpayer takes the itemized deduction instead of claiming the standard deduction, in most cases an individual's Federal income tax will be less. With respect to your question about whether there will be future changes pertaining to the deduction, the Office of the Assistant Secretary of the Treasury for Tax Policy has been assigned responsibility for formulating the tax policies of the Department of the Treasury. We will forward your letter to that office for its information.

COR-137969-01

We hope that this general information is helpful to you. If you have any additional questions, please contact Deborah Clark at (202) 622-4960 concerning the requirements for itemized deductions or contact Peter Cohn at (202) 622-7900 concerning the deduction for medical expenses.

Sincerely,

Associate Chief Counsel
(Income Tax & Accounting)

By: _____
Thomas D. Moffitt
Chief, Branch 2