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SENATE BILL NO. 1041

Offered January 12, 2005

Prefiled January 12, 2005

A BILL to amend the Code of Virginia by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12.1, relating to employer provided long-term care insurance tax credit.

Patrons—Lambert, Blevins, Bolling, Martin and Puller; Delegates: Athey, Brink, Hamilton, Landes and Morgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 13 of Chapter 3 of Title 58.1 a section numbered 58.1-439.12.1 as follows:

§ 58.1-439.12.1. Tax credit for employer provided long-term care insurance.

A. For taxable years beginning on and after January 1, 2006, a taxpayer who operates a business within the Commonwealth that provides benefits to its employees shall be allowed a credit against the taxes imposed pursuant to Articles 2 (§ 58.1-320 et seq.) and 10 (§ 58.1-400 et seq.) of this chapter in an amount equal to 10 percent of the premium costs incurred during the taxable year to provide long-term care insurance, as defined in § 38.2-5200, as part of an employee benefits package. The total credit allowed to any taxpayer under this section in any taxable year shall not exceed (i) \$5,000 or (ii) \$100 per employee, whichever is less.

B. The taxpayer shall submit with his income tax return such receipts, premium statements, and other documentation as required by the Department of Taxation to confirm the taxpayer's statement of the total amount paid for the employees' long-term care insurance.

C. Any tax credit under this section not usable for the taxable year in which the long-term care insurance premium was paid may be carried over for the next three taxable years. The amount of credit allowed pursuant to this section shall not exceed the tax imposed for any taxable year. No credit shall be carried back to a preceding taxable year.

D. For purposes of this section, the amount of any credit attributable to the purchase of long-term care insurance by a partnership or electing small business corporation (S corporation) shall be allocated to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.

INTRODUCED

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