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HOUSE BILL NO. 505

Offered January 11, 2012

Prefiled January 10, 2012

A BILL to amend and reenact § 58.1-339.11 of the Code of Virginia, relating to the long-term care insurance tax credit.

Patrons—Garrett, Albo, Crockett-Stark, Helsel, Hodges, Merricks, O'Bannon, Ramadan, Rust, Scott, E.T. and Villanueva

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-339.11 of the Code of Virginia is amended and reenacted as follows:**

§ 58.1-339.11. Long-term care insurance tax credit.

A. For taxable years beginning on or after January 1, 2006, any individual shall be entitled to a credit against the tax levied pursuant to § 58.1-320 for certain long-term care insurance premiums paid by the individual during the taxable year pursuant to an insurance policy entered into on or after January 1, 2006. The amount of the credit for each taxable year (i) *beginning January 1, 2006, through December 31, 2011*, shall equal ~~45%~~ 15 percent and (ii) *beginning on or after January 1, 2012*, shall equal 30 percent of the amount paid by the individual during the taxable year in long-term care insurance premiums for long-term care insurance coverage for himself, but in no event shall the total credits over the life of any policy exceed ~~45%~~ 30 percent of the amount of premiums paid for the first 12 months of coverage. For purposes of this section, "long-term care insurance premium" means the amount paid during a taxable year for any qualified long-term care insurance contract as defined in § 7702B(b) of the Internal Revenue Code, as amended, covering an individual.

B. If the amount of the credit as determined in subsection A exceeds the individual's income tax liability for the taxable year, the amount that exceeds such liability may be carried over for credit against the income taxes of such individual in the next five taxable years or until the full credit is used, whichever occurs first.

C. The credit described in this section shall not be claimed to the extent the individual has claimed a deduction for federal income tax purposes for long-term care insurance premiums for himself or a deduction under subdivision D 10 of § 58.1-322.

D. The Tax Commissioner shall establish guidelines regarding the information to include and the format for proof of payment. Such guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.).

INTRODUCED

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