

# ST15-18 – Long Term Care Payments 1099-LTC

Long term care payments are reported on a 1099-LTC. A sample form is shown below.

CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone no.		1 Gross long-term care benefits paid	OMB No. 1545-1519  <b>2015</b>  Form 1099-LTC	<b>Long-Term Care and Accelerated Death Benefits</b>
		\$		
PAYER'S federal identification number		2 Accelerated death benefits paid	INSURED'S social security no.	<b>Copy B For Policyholder</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.
		\$		
POLICYHOLDER'S identification number		3 <input type="checkbox"/> Per diem <input type="checkbox"/> Reimbursed amount		
POLICYHOLDER'S name		INSURED'S name		
Street address (including apt. no.)		Street address (including apt. no.)		
City or town, province or state, country, and ZIP or foreign postal code		City or town, province or state, country, and ZIP or foreign postal code		
Account number (see instructions)	4 <input type="checkbox"/> Qualified contract (optional)	5 (optional)	<input type="checkbox"/> Chronically ill	Date certified
			<input type="checkbox"/> Terminally ill	

Form 1099-LTC (keep for your records) [www.irs.gov/form1099ltc](http://www.irs.gov/form1099ltc) Department of the Treasury - Internal Revenue Service

Long term care payments are made on a per-diem basis or as an actual reimbursement of expenses incurred.

- Per-diem plan payments are not taxable up to \$330 per day. If per-diem payments received are less than \$330 per day, the payments are excludible from gross income.
- Reimbursed amounts that are less than the actual cost of qualified care are excludible from gross income.

Accelerated Death Benefits under a life insurance contract are also reported on a 1099-LTC.

- Insured has been certified by a physician as terminally ill
  - Fully excludible from gross income

**Certified as chronically ill**

- Treated the same as paid under a qualified long-term care insurance contract

If there are multiple payees under the insurance contract, refer the taxpayer to a paid preparer. OUT OF SCOPE

**Qualified LTC Insurance Contract** - A qualified LTC insurance contract is a contract issued:

- After December 31, 1996, that meets the requirements of section 7702B, including the requirement that the insured must be a chronically ill individual (defined later), or
- Before January 1, 1997, that met state law requirements for LTC insurance contracts at the time the contract was issued and has not been changed materially.
- In general, amounts paid under a qualified LTC insurance contract are excluded from your income. However, if you receive per diem payments (defined next), the amount you can exclude is limited to \$330 per day.

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## References:

- IRS Pub 502
- Instruction for Form 8853
- Pub 17 Chapter 5

## How to report 1099-LTC Payments.

ADD Form 8853 Page 2 Long Term Care Contracts or link to this form from Wkt7 Line 11.

Check at the top of the form indicating who holds the contract (taxpayer or spouse).

Line 14 – Enter the name and SSN of the insured

Line 15 – In 2015, did anyone other than you receive payments on a per diem or other periodic basis under a qualified LTC insurance contract covering the insured or receive accelerated death benefits under a life insurance policy covering the insured.

- If the answer to this question is “Yes”, the return is OUT OF SCOPE.

Line 16 - Was the insured a terminally ill individual?

If Yes, follow the instructions on the form. The amount on line 26 will be 0 and none of the payment is taxable

Line 17 – Enter the amount in box 1 of all the 1099-LTC if per-diem is checked in box 3 of the 1099-LTC.

Line 18 - Enter the part of the amount on line 17 that is from qualified LTC insurance contracts.

Line 19 – Enter the amount in box 2 of the 1099-LTC if per-diem is checked in box 3.

Line 20 – Calculated – The sum of Lines 18 and Lines 19

Line 21 – Enter the number of days in the LTC period

Line 22 – Enter actual costs incurred for qualified LTC services provided for the insured during the LTC period.

Line 23 – Calculated – The larger of 21 or 22

Line 24 – Enter reimbursements received or expect to receive through insurance or otherwise for qualified LTC services.

Line 25 – Calculated – Per-diem limitation

Line 26 – Taxable amount if any. In most cases this will be zero.

TaxWise will carry any taxable amount to 1040 Wkt 7, Line 11 and then to 1040 Line 21.

Any unreimbursed medical expenses can be deducted on A Detail, if itemizing.

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US 8853 (2015)

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Long Term Care Insurance Contracts are held by the:  Taxpayer  Spouse

Name: LTC CONTRACT

Policy holder SSN: 040-03-0752

## Section C: Long-Term Care (LTC) Insurance Contracts

**Note:** If more than one Section C is attached, check here

### 14 Information about the insured

First name: LTC Last name: CONTRACT SSN: 040-03-0752

15 In 2015, did ~~anyone other than you receive payments on a per diem or other periodic basis under a qualified LTC insurance contract covering the insured or receive accelerated death benefits under a life insurance policy covering the insured?~~  Yes  No

16 Was the insured a terminally ill individual?  Yes  No

**Note:** If "Yes", and the only payments received in 2015 were accelerated death benefits that were paid because the insured was terminally ill, skip lines 17 through 25, enter -0- on line 26 and check here

17 Gross LTC payments received on a per diem or other periodic basis. Enter the total of the amounts from box 1 of all Forms 1099-LTC you received with respect to the insured on which the "Per diem" box in box 3 is checked 120000

**Caution.** Do not use lines 18 through 26 to figure the taxable amount of benefits paid under an LTC insurance contract that is not a qualified LTC insurance contract. Instead, if the benefits are not excludable from your income (for example, if the benefits are not paid for personal injuries or sickness through accident or health insurance), report the amount not excludable as income on Form 1040, line 21.

18 Enter the part of the amount on line 17 that is from qualified LTC insurance contracts 120000

19 Accelerated death benefits received on a per diem or other periodic basis. Do not include any amounts you received because the insured was terminally ill 0

20 Add lines 18 and 19 120000

**Note:** If you checked "Yes" on line 15, see the instructions for line 15 before completing lines 21 through 25.

21 Multiply \$330 by the number of days 365 in the LTC period 120450

22 Costs incurred for qualified LTC services provided for the insured during the LTC period 0

23 Larger of line 21 or line 22 120450

24 Reimbursements for qualified LTC services provided for the insured during the LTC period 0

25 Per diem limitation 120450

26 **Taxable payments.** Subtract line 25 from line 20. This amount is included in the total of Form 1040, line 21 0