

Important Notice

Nursing Home Assessment Credit

For tax years beginning on or after January 1, 2005, New York State allows a personal income tax credit for the portion of the assessment imposed on a residential health care facility (nursing home) pursuant to Public Health Law section 2807-d(2)(b) that is passed through to a private-pay resident of the nursing home. The amount of the credit is equal to the total portion of the assessment that is passed through and directly paid by an individual during the year (e.g., the total portion paid during 2005.) The portion must be separately stated and accounted for on the billing statements or other statements provided to a resident of a nursing home, and must be paid directly by the individual claiming the credit. If an individual other than the resident of the home is actually paying the portion, the individual who paid the portion, not the resident, is entitled to claim the credit. If more than one individual is directly paying the total nursing home bill, the total portion of the assessment paid must be divided between them according to the percentage of the total nursing home expenses paid by each individual.

An individual may claim the full credit even though the resident may be receiving benefits from a long-term insurance policy. If a resident assigns his or her long-term insurance benefits to a nursing home, the resident is treated as having paid that amount towards the total nursing home bill. The credit cannot be claimed for any portion of the assessment that is paid directly to the nursing home by a health insurance policy, with public funds (e.g., Medicaid or Medicare), or that is paid by a trust or other entity.

An individual who qualifies for the credit claims the credit by completing Form IT-258, *Claim for Nursing Home Assessment Credit*, and attaching the form to his or her New York State income tax return. If the amount of the credit exceeds the individual's personal income tax for the year, the excess will be refunded, without interest.

Where a nursing home does not separately state the portion of the assessment passed through to a resident on the resident's billing statements, the nursing home should provide the resident (or the person to whom the resident's billing statements are sent) with a summary statement that indicates the total portion of the assessment paid by or on behalf of the resident during 2005 (or any succeeding year). There is no particular form for this statement. However, the statement must contain the name of the residential health care facility, the name of the resident of the facility, the period covered by the statement (e.g., calendar year 2005) and the amount of the assessment that was passed through and actually paid (not the billed amount) by or on behalf of the resident during the calendar year. For example, if the resident's January 2006 bill was actually paid in December 2005, the amount of assessment passed through for January would be included on the 2005 statement.