

INTERNAL REVENUE SERVICE

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The Honorable Jeff Bingaman
United States Senate
Washington, D.C. 20510

Attention: Tony Martinez

Dear Senator Bingaman:

This letter is in response to your inquiry of March 9, 2000, on behalf of your constituents, [REDACTED]. [REDACTED] inquired about the taxation of benefits they are receiving under a long-term care insurance policy.

As you requested, I have responded directly to [REDACTED]. Enclosed is a copy of our letter for your files. If you need additional assistance, please call Donna M. Crisalli, Identification Number 50-01590, at (202) 622-4920.

Sincerely,

Deputy Assistant Chief Counsel
(Income Tax & Accounting)

by _____
Robert A. Berkovsky
Chief, Branch 2

Enclosure

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

▷ **Index No.:** 213.05-10



Person to Contact:

Donna M. Crisalli, ID No. 50-01590

Telephone Number:

(202) 622-4920

Refer Reply To:

CC:DOM:IT&A:2 – COR-106737-00

Date: May 23, 2000

Dear 

Senator Jeff Bingaman asked us to reply to your message to him concerning the taxation of benefits you are receiving under a long-term care insurance policy.

Section 61(a) of the Internal Revenue Code generally provides that gross income means all income from any source. However, benefits received under a "qualified long-term care" insurance contract are excluded from gross income. Section 7702B states the specific requirements an insurance contract must meet in order to be a qualified long-term care insurance contract. These requirements are described on page 93 of Publication 17 (as you know) and on pages 8-9 of Publication 502, Medical and Dental Expenses.

If your long-term care insurance policy satisfies the requirements of § 7702B, then your benefits are not taxable. We cannot provide a more specific response based on your email. If you want to obtain a determination of whether the benefits under your specific long-term care insurance policy are taxable you must submit a request for a private letter ruling. By law, we are required to charge a user fee for private letter rulings, which for most individuals is \$500. Other requirements for submitting private letter ruling requests are contained in Rev. Proc. 2000-1, 2000-1 I.R.B. 4.

I hope this information is helpful. We are enclosing copies of Publication 502 and Rev. Proc. 2000-1 for your assistance. Please call Donna M. Crisalli, at the number above, if you have any questions.

Sincerely,

Deputy Assistant Chief Counsel
(Income Tax & Accounting)

by _____
Robert A. Berkovsky
Chief, Branch 2

Enclosure (2)