

2004 Long-Term Care Credit

3504

Attach to your California tax return.

Name as shown on your California tax return (eligible caregiver)	Social security number
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Part I Names of persons with long-term care needs

Full name	Social security number	Certifying physician's medical license number
Full name	Social security number	Certifying physician's medical license number
Full name	Social security number	Certifying physician's medical license number

Part II Credit computation

1 Enter caregiver's adjusted gross income from Form 540, line 17 or Long Form 540NR, line 17. If equal to or greater than \$100,000, do not complete this form. You do not qualify for the credit	1	
2 The allowable long-term care credit for each applicable individual is \$500	2	\$500
3 Enter the number of applicable individuals with long-term care needs from Part I	3	
4 Multiply the number of applicable individuals on line 3 by the amount on line 2. Enter the result on line 4 and on the current year tax return. This is your available credit	4	

Caution: The allowable amount may be less than the amount on line 4 if your credit is limited by tentative minimum tax (TMT) or your tax liability. See Specific Line Instructions for Part II, line 4.

General Information

California allows a \$500 nonrefundable long-term care credit (per applicable individual) that can be used by eligible caregivers against their net tax.

The credit is not allowed to any eligible caregiver whose adjusted gross income for the taxable year is equal to or greater than one hundred thousand dollars (\$100,000).

Purpose

Use this form to claim a \$500 credit for each applicable individual who is in need of long-term care and for whom the taxpayer is the eligible caregiver.

Applicable Individual Requirements

An applicable individual is an individual who has been certified in writing by a physician before April 15, 2005, as someone who has long-term care needs that will last for at least 180 consecutive days, a portion of which occurs within the 2004 taxable year.

The applicable individual must have been certified by a physician within the 39½ month period that ended on April 15, 2005, that the individual is an applicable individual. The taxpayer shall retain the physician certification and shall make that certification available to the Franchise Tax Board upon request.

An applicable individual must fall within one of the following three categories:

1. The applicable individual is at least six years old and:
 - Is unable to perform at least three activities of daily living, due to a loss of functional capacity, without substantial assistance from another individual, or
 - Requires substantial supervision to protect that individual from threats to health and safety due to severe cognitive impairment and is unable to perform at least one activity of daily living.

Activities of daily living include bathing, eating, continence, toileting, dressing, and transferring.

2. The applicable individual is at least two but less than six years old and is unable, due to loss of functional capacity, to perform at least two of the following activities without substantial assistance from another individual: eating, transferring, or mobility.

3. The applicable individual is under two years old and requires specific durable medical equipment because of a severe health condition, or requires a skilled practitioner trained to address the individual's condition to be available if the individual's parents or guardians are absent.

Eligible Caregiver Requirements

A taxpayer shall be treated as an "eligible caregiver" for any taxable year with respect to the following individuals:

- (a) The taxpayer;
- (b) The taxpayer's spouse;
- (c) An individual for whom the taxpayer is entitled to a dependent exemption credit; or
- (d) An individual who meets the requirements in paragraph (c) above except for the gross income limitation. In lieu of the normal gross income limitation, the individual's gross income for the taxable year must be less than the sum of the federal exemption amount (\$3,100 for tax year 2004), plus the federal standard deduction amount (\$4,850 for tax year 2004) (a total of \$7,950), plus any additional federal standard deduction allowed for an individual who was aged 65 and/or blind at the close of the tax year. For tax year 2004, these amounts are \$950 per exemption for a married individual and \$1,200 per exemption for an unmarried individual who was not a surviving spouse.
- (e) An individual who meets the requirements in paragraph (d) above except for the support test. In lieu of the taxpayer having provided more than half the support for the individual during the taxable year, the individual has as his or her principal place of abode the home of the taxpayer and (1) in the case of an individual who is an ancestor or descendent of the taxpayer or the taxpayer's spouse, is a member of the taxpayer's household for over half the taxable year, or (2) in the case of any other individual, is a member of the taxpayer's household for the entire taxable year.

Limitations

Only one caregiver can claim the Long-Term Care Credit for an applicable individual. If more than one person is an eligible caregiver for the same applicable individual, the taxpayer will be treated as the eligible caregiver if each person (other than the taxpayer) agrees not to claim the credit for the applicable individual.

In the case of married taxpayers who filed separate tax returns, if both claim the credit for an applicable individual, the taxpayer with the highest federal modified adjusted gross income shall be treated as the eligible caregiver.

The credit will not be allowed to a taxpayer for any applicable individual unless the taxpayer includes the name and social security number of the applicable individual, and the certifying physician's medical license number.

There are no provisions to carry over any unused credit to succeeding taxable years, and in no event can this credit be carried back and applied against a prior year's tax.

This credit is not refundable.

Specific Line Instructions

Part II

Line 2

The allowable credit amount per certified applicable individual is \$500.

Line 3

Enter the total number of certified applicable individuals for whom you are the eligible caregiver, from Part I. If you need more space for additional applicable individuals, include them in the total on line 3 and attach a separate sheet that provides the same information that was required in Part I for each additional applicable individual.

Line 4

Multiply the number of qualifying applicable individuals from Line 3, by \$500.

This is your available credit. See the instructions for Form 540, California Resident Income Tax Return or Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, for more information about claiming the credit on your tax return.

Note: The amount of this credit that you can claim on your tax return may be limited. Refer to the credit instructions in your tax booklet for more information. You must use credit code number **214** when you claim this credit.