

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 295*
Committee Substitute Favorable 4/10/89
Third Edition Engrossed 6/9/89

Short Title: Elderly Care Tax Credit.

(Public)

Sponsors:

Referred to:

February 20, 1989

A BILL TO BE ENTITLED

AN ACT TO ALLOW AN INCOME TAX CREDIT TO A HOUSEHOLD WHEN ONE SPOUSE PROVIDES CARE FOR A RELATIVE WHO WOULD OTHERWISE BE IN A NURSING HOME.

The General Assembly of North Carolina enacts:

Section 1. Division II of Article 4 of Chapter 105 of the General Statutes is amended by adding after G.S. 105-151.17 a new section to read:

§ 105-151.18. Credit for care for the elderly.

(a) A taxpayer who is married and living with his spouse during the entire taxable year, whose spouse is not gainfully employed more than half-time or a student more than half-time at an educational institution at any time during the taxable year, and whose spouse provides care for a qualifying relative of the spouse or of the taxpayer, is allowed as a credit against the tax imposed by this Division three hundred dollars (\$300.00) for each taxable year. The amount of the credit allowed by this section shall be reduced by an amount equal to seven percent (7%) of the total value of all gifts of property, both tangible and intangible, received by the taxpayer or the taxpayer's spouse during the taxable year from the qualifying relative or the qualifying relative's spouse.

(b) The term 'qualifying relative' means a relative of the taxpayer or the taxpayer's spouse who (i) lives with the taxpayer and the taxpayer's spouse during the entire taxable year, (ii) is 65 years of age or older, and (iii) is eligible for nursing home care. The term 'relative' means a person who is related by blood, affinity, or adoption.

1 For the purpose of this section, a person is gainfully employed more than half-time if
2 the person is self-employed or employed for a salary or wages for more than one-half of
3 the normal or customary work week. For the purposes of this section, a person is a
4 student more than half-time if the person takes a courseload equivalent to more than
5 one-half of the normal or customary courseload for a full-time student.

6 (c) To be eligible for the credit allowed by this section, the taxpayer and the
7 taxpayer's spouse must file a combined return for the taxable year and must attach to the
8 tax return a physician's order or other statement from a physician certifying that the
9 qualifying relative is eligible for nursing home care. A taxpayer who takes a deduction
10 under G.S. 105-147(28) for amounts paid for the maintenance and care of a parent may
11 not claim a credit under this section with respect to the parent.

12 (d) The credit allowed by this section may not exceed the amount of tax imposed
13 by this Division for the taxable year reduced by the sum of all credits allowable under
14 this Division, except for payments of tax made by or on behalf of the taxpayer.

15 (e) Any unused portion of the credit may be carried forward for the succeeding
16 five years."

17 Sec. 2. G.S. 105-147(28) reads as rewritten:

18 "(28) Amounts paid, not to exceed three thousand dollars (\$3,000), for the
19 maintenance and care of the individual's parent or parents. The
20 deduction allowed by this subdivision shall be reduced by the
21 amount by which the total value of all gifts of property, both tangible
22 and intangible, received during the taxable year from the parent or
23 parents for whom this deduction is claimed exceeds one hundred
24 dollars (\$100.00).

25 If the individual makes payments for the maintenance and care of
26 one parent, the individual may take this deduction only if:

- 27 a. The individual does not take an exemption for the parent under
28 ~~G.S. 105-149(a)(5);~~ 105-149(a)(5) or a credit with respect to the
29 parent under G.S. 105-151.18;
- 30 b. The parent is not in a public or private institution;
- 31 c. The parent's disposable income, as defined in G.S. 105-
32 277.1(b)(2), does not exceed nine thousand dollars (\$9,000);
- 33 d. The parent is aged 65 or older; and
- 34 e. The parent is a North Carolina resident.

35 If the individual makes payments for the maintenance and care of both
36 parents, the individual may take this deduction only if:

- 37 a. The individual does not take an exemption for either parent
38 under ~~G.S. 105-149(a)(5);~~ 105-149(a)(5) or a credit with respect
39 to either parent under G.S. 105-151.18;
- 40 b. Neither parent is in a public or private institution;
- 41 c. The parents' combined disposable income, as defined in G.S.
42 105-277.1(b)(2), does not exceed nine thousand dollars
43 (\$9,000);
- 44 d. At least one parent is aged 65 or over; and

1 e. Both parents are North Carolina residents."
2 Sec. 3. This act is effective for taxable years beginning on or after January 1,
3 1989.