

If you have a parent entering a nursing home, taxes are probably the last thing on your mind. But you should know there may be several possible tax benefits.

## Medical Expense Deductions

The costs of qualified long-term care, including nursing home care, are deductible as medical expenses to the extent they, along with other qualified expenses, exceed 7.5% of [adjusted gross income](#) (AGI).

Qualified long-term care services are those required by a chronically ill individual and administered by a licensed health care practitioner. They include diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal-care services.

To qualify as chronically ill, a physician or other licensed health care practitioner must certify an individual as unable to perform at least two [activities of daily living](#) (ADLs) for at least 90 days due to a loss of functional capacity or severe cognitive impairment. ADLs include eating, toileting, transferring, bathing, dressing and continence.

## Long-Term Care Insurance

Premiums paid for a qualified long-term care insurance contract are deductible as medical expenses (subject to limits) to the extent they — combined with other medical expenses — exceed the percentage-of-AGI threshold. Such a contract doesn't provide payment for costs covered by Medicare, is guaranteed renewable and doesn't have a cash surrender value.

Qualified long-term care premiums are includible as medical expenses based on the age of the individual. For 2022 for those 61 to 70 years old, the limit on deductible premiums is \$4,510 and for those over 70, the limit is \$5,640.

## Nursing Home Payments

Amounts paid to a nursing home are deductible as medical expenses if a person is staying at the facility principally for medical, rather than custodial care. Also, for those individuals, only the portion of the fee that's allocable to actual medical care qualifies as a deductible expense. If the individual is chronically ill, all qualified long-term care services, including maintenance or personal care services, are deductible.

If your parent qualifies as your dependent, you can add medical expenses you incur for him or her to your own medical expenses when calculating your deduction. We can help with this determination.

## Head-of-Household Filing Status

If you aren't married and you meet certain dependency tests for your parent, you may qualify for head-of-household filing status, which has a higher standard deduction and lower tax rates than filing as single. You may be eligible to use this status even if the parent for whom you claim an exemption doesn't live with you.

## Selling Your Parent's Home

If your parent sells his or her home, up to \$250,000 of gain from the sale may be tax-free. To qualify for the \$250,000 exclusion, the seller must generally have owned the home for at least two years of the five years before the sale. Also, the seller must have used the home as a principal residence for at least two of the five years before the sale. However, there's an exception to the two-of-five-year use test for a seller who becomes physically or mentally unable to care for him- or herself during the five-year period.

These are just some of the tax issues that may arise when your parent moves into a nursing home. [Contact us](#) if you need more information or assistance.

### You Might Also Like

- [How can I pay my parent's nursing home costs?](#)
- [Weighing the Pros and Cons of Long-Term Care Insurance](#)