

Comprehensive Self-Employment Health Insurance

As an AARP Foundation Tax-Aide Counselor, you may help self-employed taxpayers deduct a portion of their self-employment health insurance their income.

Lesson Objectives:

Using your resource materials, you will be able to:

- Identify when to use the self-employed health insurance deduction
- Calculate and accurately report the adjustment

Practice Lab

Start with Practice Lab and input this return:

The Wellmans are married, living at:

3947 University Drive

Your City, Your State, YZIP

James Wellman, ssn: 316-00-8XXX, DOB: 10/1/1947

Elena Wellman, ssn: 316-00-0000, DOB 8/16/1960

Elena is receiving disability that is reported on her SSA 1099.

James is self-employed and did contract work as a book editor. Use Business Code: 511000. He has no business expense other than health insurance.

Comprehensive Self-Employment Health Insurance

<input type="checkbox"/> CORRECTED (if checked)				
PAYER'S name, address, city, state, ZIP code BUTLER PUBLISHING COMPANY 178 RIVER FORK BLVD MCLEAN VA 22101		1 Rents 2 Royalties 3 Other Income	<div style="font-size: 24pt; font-weight: bold;">2018</div> <div style="font-weight: bold;">Form 1099-MISC</div>	Miscellaneous Income
PAYER'S Federal identification number 59-7XXXXXX	RECIPIENT'S identification number 306-00-XXXX	5 Fishing boat proceeds	4 Federal income tax withheld	Copy B For Recipient
RECIPIENT'S name, address, city, state, ZIP code JAMES R WELLMAN 3947 UNIVERSITY DR YC YS YZIP		7 Nonemployee Compensation <div style="text-align: right; font-weight: bold;">\$2,100.00</div>	6 Medical and health care payments	
Account number (see instructions) <div style="float: right; font-size: 8pt;"> FATCA filing requirement <input type="checkbox"/> </div>		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale > <input type="checkbox"/>	8 Substitute payments in lieu of dividends or interest	
		10 Crop Insurance proceeds	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
11	12			
13 Excess golden parachute payments	14 Gross proceeds paid to an attorney	18 State income		
15a Section 409A deferrals	15b Section 409A income		16 State tax withheld	17 State/Payer's state no.
Form 1099-MISC				

Input their social security statements, but do not report their Medicare deductions. There are no other significant medical costs.

Then try either of the two input methods to report Self-Employed Health Insurance Deduction.

Comprehensive Self-Employment Health Insurance

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT

2018 ○ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ○ SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name JAMES R WELLMAN		Box 2. Beneficiary's Social Security 306-00-XXXX
Box 3. Benefits Paid in 2018 \$13,567.80	Box 4. Benefits Repaid to SSA in 2018	Box 5. Net Benefits Paid for 2018 (Box 3 minus Box 4) \$13,567.80
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$11,959.80 Medicare Part B premiums deducted from your benefits \$1,608.00 Medicare Prescription Drug premiums (Part D) deducted from your benefits \$.00 Total Additions \$13,567.80 Benefits for 2018 \$13,567.80 Benefits for 2017 Benefits for 2016 Benefits for 2015		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address JAMES R WELLMAN 3947 UNIVERSITY DR YC YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 306-00-XXXXA

Form **SSA-1099-SM**

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT

2018 ○ PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. ○ SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name ELENA A WELLMAN		Box 2. Beneficiary's Social Security 316-00-XXXX
Box 3. Benefits Paid in 2018 \$8,287.00	Box 4. Benefits Repaid to SSA in 2018	Box 5. Net Benefits Paid for 2018 (Box 3 minus Box 4) \$8,287.00
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$6,679.00 Medicare Part B premiums deducted from your benefits \$1,608.00 Medicare Prescription Drug premiums (Part D) deducted from your benefits \$.00 Total Additions \$8,287.00 Benefits for 2018 \$8,287.00 Benefits for 2017 Benefits for 2016 Benefits for 2015		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address ELENA A WELLMAN 3947 UNIVERSITY DR YC YS YZIP Box 8. Claim Number (use this number if you need to contact SSA) 316-00-XXXXA

Form **SSA-1099-SM**

Comprehensive Self-Employment Health Insurance

Option 1

Schedule C - Expenses

CANCEL

CONTINUE

Advertising

Contract Labor

Commission and fees

Depletion

Employee benefit programs

Health Insurance

(will carry automatically to worksheet)

Capture all of the qualified Self-Employment Health Insurance including SSA-1099 – Medicare.

Do not include Medicare amounts when inputting to SSA-1099 in TaxSlayer.

\$

\$

\$ 3216

Option 2

Self Employed Health Insurance Deduction

CANCEL

Belongs To:

☒ Taxpayer

☐ Spouse

Enter total payments made during the year for health insurance coverage established under your business for you, your spouse, or your dependents.

- Do NOT enter any amounts you have already entered as an expense on either Schedule C or Schedule F.
- Do not include payments for any month you were eligible to participate in a health plan subsidized by your employer or your spouse's employer

\$ 3216

Enter your net profit and any other earned income from the trade or business under which the insurance plan is established. If the business is an S corporation, enter wages from S Corp *

\$ 2100

Comprehensive Self-Employment Health Insurance

Compare your result to the following TaxSlayer views:

Screenshot from TY2017 1040 view:

12	Business income or (loss). Attach Schedule C or C-EZ			12	2,100 00	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here			13	0 00	
14	Other gains or (losses). Attach Form 4797			14	0 00	
15a	IRA distributions	15a	0 00	b Taxable amount	15b	0 00
16a	Pensions and annuities	16a	0 00	b Taxable amount	16b	0 00
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	0 00	
18	Farm income or (loss). Attach Schedule F			18	0 00	
19	Unemployment compensation			19	0 00	
20a	Social security benefits	20a	0 00	b Taxable amount	20b	0 00
21	Other income. List type and amount			21	0 00	
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income			22	\$2,100 00	
23	Educator expenses	23	0 00			
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	0 00			
25	Health savings account deduction. Attach Form 8889	25	0 00			
26	Moving expenses. Attach Form 3903	26	0 00			
27	Deductible part of self-employment tax. Attach Schedule SE	27	148 00			
28	Self-employed SEP, SIMPLE, and qualified plans	28	0 00			
29	Self-employed health insurance deduction	29	1,952 00			

Comprehensive Self-Employment Health Insurance

Screenshots from TY2018:

Form 1040, page 2:

WELLMAN
Form 1040 (2018)

316-00-8000 Page **2**

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
2b	Taxable interest	2b	
3a	Qualified dividends	3a	
3b	Ordinary dividends	3b	
4a	IRAs, pensions, and annuities	4a	
4b	Taxable amount	4b	
5a	Social security benefits	5a	21854
5b	Taxable amount	5b	
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	6	2100
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6	7	
8	Standard deduction or itemized deductions (from Schedule A)	8	25300
9	Qualified business income deduction (see instructions)	9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-	10	0
11	a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>) b Add any amount from Schedule 2 and check here	11	
12	a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check here	12	
13	Subtract line 12 from line 11. If zero or less, enter -0-	13	0
14	Other taxes. Attach Schedule 4	14	296
15	Total tax. Add lines 13 and 14	15	296
16	Federal income tax withheld from Forms W-2 and 1099	16	
17	Refundable credits: a EIC (see inst.) 151 b Sch 8812 c Form 8863 Add any amount from Schedule 5	17	151
18	Add lines 16 and 17. These are your total payments	18	151
19	If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid	19	
20a	Amount of line 19 you want refunded to you. If Form 8888 is attached, check here	20a	
b	Routing number X X X X X X X X X X	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number X X X X X X X X X X X X X X X X		
21	Amount of line 19 you want applied to your 2019 estimated tax	21	
22	Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions	22	145
23	Estimated tax penalty (see instructions)	23	

Go to www.irs.gov/Form1040 for instructions and the latest information.

Form **1040** (2018)

Comprehensive Self-Employment Health Insurance

SCHEDULE 1 (Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

► Attach to Form 1040.

► Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. 01

Name(s) shown on Form 1040

WELLMAN

Your social security number

316-00-8000

Additional Income	1-9b	Reserved	1-9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	2100
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
	14	Other gains or (losses). Attach Form 4797	14	
	15a	Reserved	15b	
	16a	Reserved	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19		
20a	Reserved	20b		
21	Other income. List type and amount ►	21		
22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	22	2100	
Adjustments to Income	23	Educator expenses	23	
	24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24	
	25	Health savings account deduction. Attach Form 8889	25	
	26	Moving expenses for members of the Armed Forces. Attach Form 3903	26	
	27	Deductible part of self-employment tax. Attach Schedule SE	27	148
	28	Self-employed SEP, SIMPLE, and qualified plans	28	
	29	Self-employed health insurance deduction	29	1952
	30	Penalty on early withdrawal of savings	30	
	31a	Alimony paid b Recipient's SSN ►	31a	
	32	IRA deduction	32	
	33	Student loan interest deduction	33	
	34	Reserved	34	
	35	Reserved	35	
	36	Add lines 23 through 35	36	2100

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule 1 (Form 1040) 2018

QNA

Comprehensive Self-Employment Health Insurance

References:

IRS 1040 Instructions: <https://www.irs.gov/pub/irs-pdf/i1040gi.pdf> (a nice straight forward reference)

IRS Publication 17 Your Federal Income Tax (For Individuals): <https://www.irs.gov/pub/irs-pdf/p17.pdf>

IRS Publication 535 Business Expenses: <https://www.irs.gov/pub/irs-pdf/p17.pdf>

Health Insurance Costs for Self-Employed Persons (Pub 17, from Chapter 21)

If you were self-employed and had a net profit for the year, you may be able to deduct, as an adjustment to income, amounts paid for medical and qualified long-term care insurance on behalf of yourself, your spouse, your dependents, and your children who were under age 27 at the end of 2017. For this purpose, you were self-employed if you were a general partner (or a limited partner receiving guaranteed payments) or you received wages from an S-corporation in which you were more than a 2% shareholder. The insurance plan must be established under your trade or business and the deduction can't be more than your earned income from that trade or business.

You can't deduct payments for medical insurance for any month in which you were eligible to participate in a health plan subsidized by your employer, your spouse's employer, or an employer of your dependent or your child under age 27 at the end of 2017. You can't deduct payments for a qualified long-term care insurance contract for any month in which you were eligible to participate in a long-term care insurance plan subsidized by your employer or your spouse's employer.

If you qualify to take the deduction, use the Self-Employed Health Insurance Deduction Worksheet in the Instructions for Form 1040 to figure the amount you can deduct. But if any of the following applies, don't use that worksheet. Instead, use the worksheet in Pub. 535, Business Expenses, to figure your deduction.

- You had more than one source of income subject to self-employment tax.
- You file Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion (out of scope without International Certification).
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

Comprehensive Self-Employment Health Insurance

Returns with Schedule C income and premium tax credits are out of scope and Form 8885 is out of scope

Don't include amounts paid for health insurance coverage with retirement plan distributions that were tax free because you are a retired public safety officer.

Where to report. You take this deduction on Form 1040. If you itemize your deductions and don't claim 100% of your self-employed health insurance on Form 1040, you can generally include any remaining premiums with all other medical expenses on Schedule A (Form 1040), subject to the 10% limit. See *Self-Employed Health Insurance Deduction* in Pub. 535 and *Medical and Dental Expenses* in the Instructions for Schedule A (Form 1040), for more information.

Self-Employed Health Insurance Deduction Worksheet—Line 29

Keep for Your Records



Before you begin: ✓ If, during 2017, you were an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, reemployment TAA (RTAA) recipient, or Pension Benefit Guaranty Corporation pension payee, see the Instructions for Form 8885 to figure the amount to enter on line 1 of this worksheet.
 ✓ Be sure you have read the **Exceptions** in the instructions for this line to see if you can use this worksheet instead of Pub. 535 to figure your deduction.

1. Enter the total amount paid in 2017 for health insurance coverage established under your business (or the S corporation in which you were a more-than-2% shareholder) for 2017 for you, your spouse, and your dependents. Your insurance also can cover your child who was under age 27 at the end of 2017, even if the child wasn't your dependent. But don't include amounts for any month you were eligible to participate in an employer-sponsored health plan or amounts paid from retirement plan distributions that were nontaxable because you are a retired public safety officer

1.

2. Enter your net profit* and any other earned income** from the business under which the insurance plan is established, minus any deductions on Form 1040, lines 27 and 28. Don't include Conservation Reserve Program payments exempt from self-employment tax

2.

3. **Self-employed health insurance deduction.** Enter the **smaller** of line 1 or line 2 here and on Form 1040, line 29. **Don't** include this amount in figuring any medical expense deduction on Schedule A

3.

**If you used either optional method to figure your net earnings from self-employment, don't enter your net profit. Instead, enter the amount from Schedule SE, Section B, line 4b.*

***Earned income includes net earnings and gains from the sale, transfer, or licensing of property you created. However, it doesn't include capital gain income. If you were a more-than-2% shareholder in the S corporation under which the insurance plan is established, earned income is your Medicare wages (box 5 of Form W-2) from that corporation.*

Form 1040 Instructions (Line 29 Worksheet):

Self-Employed Health Insurance Deduction (Pub 535 Business Expense From Chapter 6)

You may be able to deduct the amount you paid for medical and dental insurance and qualified long-term care insurance for yourself, your spouse, and your dependents. The insurance can also cover your child who was under age 27 at the end of 2017, even if the child wasn't your dependent. A child includes your son, daughter, stepchild, adopted child, or foster child. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

One of the following statements must be true.

- You were self-employed and had a net profit for the year reported on Schedule C (Form 1040), Schedule C-EZ (Form 1040), or Schedule F (Form 1040).
- You were a partner with net earnings from self-employment for the year reported on Schedule K-1 (Form 1065), box 14, code A.
- You used one of the optional methods to figure your net earnings from self-employment on Schedule SE.
- You received wages in 2017 from an S corporation in which you were a more-than-2% shareholder. Health insurance premiums paid or reimbursed by the S corporation are shown as wages on Form W-2.

The insurance plan must be established, or considered to be established as discussed in the following bullets, under your business.

- For self-employed individuals filing a Schedule C, C-EZ, or F, a policy can be either in the name of the business **or in the name of the individual**
- For partners, a policy can be either in the name of the partnership or in the name of the partner. You can either pay the premiums yourself or the partnership can pay them and report the premium amounts on Schedule K-1 (Form 1065) as guaranteed payments to be included in your gross income. However, if the policy is in your name and you pay the premiums yourself, the partnership must reimburse you and report the premium amounts on Schedule K-1 (Form 1065) as guaranteed payments to be included in your gross income. Otherwise, the insurance plan won't be considered to be established under your business.
- For more-than-2% shareholders, a policy can be either in the name of the S corporation or in the name of the shareholder. You can either pay the premiums yourself or the S corporation can pay them and report the premium amounts on Form W-2 as wages to be included in your gross income. However, if the policy is in your name and you pay the premiums yourself, the S corporation must reimburse you and report the premium amounts on Form W-2 in box 1 as wages to be included in your gross income.

Comprehensive Self-Employment Health Insurance

Otherwise, the insurance plan won't be considered to be established under your business.

Medicare premiums you voluntarily pay to obtain insurance in your name that is similar to qualifying private health insurance can be used to figure the deduction. Amounts paid for health insurance coverage from retirement plan distributions that were nontaxable because you are a retired public safety officer can't be used to figure the deduction.

Take the deduction on Form 1040, line 29.

Qualified long-term care insurance. You can include premiums paid on a qualified long-term care insurance contract when figuring your deduction. But, for each person covered, you can include only the smaller of the following amounts.

1. The amount paid for that person.
2. The amount shown below. Use the person's age at the end of the tax year.
 - a. Age 40 or younger—\$410
 - b. Age 41 to 50—\$770
 - c. Age 51 to 60—\$1,530
 - d. Age 61 to 70—\$4,090
 - e. Age 71 or older—\$5,110

Qualified long-term care insurance contract. A qualified long-term care insurance contract is an insurance contract that only provides coverage of qualified long-term care services. The contract must meet all the following requirements.

- It must be guaranteed renewable.
- It must provide that refunds, other than refunds on the death of the insured or complete surrender or cancellation of the contract, and dividends under the contract may be used only to reduce future premiums or increase future benefits.
- It must not provide for a cash surrender value or other money that can be paid, assigned, pledged, or borrowed.
- It generally must not pay or reimburse expenses incurred for services or items that would be reimbursed under Medicare, except where Medicare is a secondary payer or the contract makes per diem or other periodic payments without regard to expenses.

Qualified long-term care services. Qualified long-term care services are:

- Necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services; and
- Maintenance or personal care services. The services must be required by a chronically ill individual and prescribed by a licensed health care practitioner.

Comprehensive Self-Employment Health Insurance

Worksheet 6-A. Self-Employed Health Insurance Deduction Worksheet

Keep for Your Records



Caution. You may have to use the worksheets in Pub. 974 instead of this worksheet if the insurance plan established, or considered to be established, under your business was obtained through the Health Insurance Marketplace and you are claiming the premium tax credit. See Pub. 974 for details.

Note. Use a separate worksheet for each trade or business under which an insurance plan is established.

1. Enter the total amount paid in 2017 for health insurance coverage established under your business (or the S corporation in which you were a more-than-2% shareholder) for 2017 for you, your spouse, and your dependents. Your insurance can also cover your child who was under age 27 at the end of 2017, even if the child was not your dependent. But do not include the following.	1. _____
<ul style="list-style-type: none"> • Amounts for any month you were eligible to participate in a health plan subsidized by your or your spouse's employer or the employer of either your dependent or your child who was under the age of 27 at the end of 2017. • Any amounts paid from retirement plan distributions that were nontaxable because you are a retired public safety officer. • Any qualified health insurance coverage payments that you included on Form 8885, line 4, to claim the HCTC or on Form 14095 to receive a reimbursement of the HCTC during the year. • Any advance monthly payments of the HCTC that your health plan administrator received from the IRS, as shown on Form 1099-H. • Any qualified health insurance coverage payments you paid to for eligible coverage months for which you received the benefit of the HCTC monthly advance payment program. • Any payments for qualified long-term care insurance (see line 2). 	
2. For coverage under a qualified long-term care insurance contract, enter for each person covered the smaller of the following amounts.	
a) Total payments made for that person during the year. b) The amount shown below. Use the person's age at the end of the tax year. <ul style="list-style-type: none"> \$410— if that person is age 40 or younger \$770— if age 41 to 50 \$1,530— if age 51 to 60 \$4,090— if age 61 to 70 \$5,110— if age 71 or older 	
Do not include payments for any month you were eligible to participate in a long-term care insurance plan subsidized by your or your spouse's employer or the employer of either your dependent or your child who was under the age of 27 at the end of 2017. If more than one person is covered, figure separately the amount to enter for each person. Then enter the total of those amounts	2. _____
3. Add lines 1 and 2	3. _____
4. Enter your net profit* and any other earned income** from the trade or business under which the insurance plan is established. Do not include Conservation Reserve Program payments exempt from self-employment tax. If the business is an S corporation, skip to line 11	4. _____
5. Enter the total of all net profits* from: Schedule C (Form 1040), line 31; Schedule C-EZ (Form 1040), line 3; Schedule F (Form 1040), line 34; or Schedule K-1 (Form 1065), box 14, code A; plus any other income allocable to the profitable businesses. Do not include Conservation Reserve Program payments exempt from self-employment tax. See the Instructions for Schedule SE (Form 1040). Do not include any net losses shown on these schedules	5. _____
6. Divide line 4 by line 5	6. _____
7. Multiply Form 1040 (or Form 1040NR), line 27, by the percentage on line 6	7. _____
8. Subtract line 7 from line 4	8. _____
9. Enter the amount, if any, from Form 1040 (or Form 1040NR), line 28, attributable to the same trade or business in which the insurance plan is established	9. _____
10. Subtract line 9 from line 8	10. _____
11. Enter your Medicare wages (Form W-2, box 5) from an S corporation in which you are a more-than-2% shareholder and in which the insurance plan is established	11. _____
12. Enter any amount from Form 2555, line 45, attributable to the amount entered on line 4 or 11 above, or any amount from Form 2555-EZ, line 18, attributable to the amount entered on line 11 above	12. _____
13. Subtract line 12 from line 10 or 11, whichever applies	13. _____
14. Enter the smaller of line 3 or line 13 here and on Form 1040 (or Form 1040NR), line 29. Do not include this amount when figuring any medical expense deduction on Schedule A (Form 1040)	14. _____

* If you used either optional method to figure your net earnings from self-employment from any business, don't enter your net profit from the business. Instead, enter the amount attributable to that business from Schedule SE (Form 1040), Section B, line 4b.

** **Earned income** includes net earnings and gains from the sale, transfer, or licensing of property you created. However, it doesn't include capital gain income.

Comprehensive Self-Employment Health Insurance

Chronically ill individual. A chronically ill individual is a person who has been certified as one of the following.

- An individual who has been unable, due to loss of functional capacity for at least 90 days, to perform at least two activities of daily living without substantial assistance from another individual. Activities of daily living are eating, toileting, transferring (general mobility), bathing, dressing, and continence.
- An individual who requires substantial supervision to be protected from threats to health and safety due to severe cognitive impairment.

The certification must have been made by a licensed health care practitioner within the previous 12 months.

Benefits received. For information on excluding benefits you receive from a long-term care contract from gross income, see Pub. 525.

Other coverage. You can't take the deduction for any month you were eligible to participate in any employer (including your spouse's) subsidized health plan at any time during that month, even if you didn't actually participate. In addition, if you were eligible for any month or part of a month to participate in any subsidized health plan maintained by the employer of either your dependent or your child who was under age 27 at the end of 2017, don't use amounts paid for coverage for that month to figure the deduction.

These rules are applied separately to plans that provide long-term care insurance and plans that don't provide long-term care insurance. However, any medical insurance payments not deductible on Form 1040, line 29, can be included as medical expenses on Schedule A (Form 1040), if you itemize deductions.

Effect on itemized deductions. Subtract the health insurance deduction from your medical insurance when figuring medical expenses on Schedule A (Form 1040) if you itemize deductions.

Effect on self-employment tax. For tax years beginning before or after 2010, you can't subtract the self-employed health insurance deduction when figuring net earnings for your self-employment tax from the business under which the insurance plan is established, or considered to be established, as discussed earlier. For more information, see Schedule SE (Form 1040).

How to figure the deduction. Generally, you can use the worksheet in the Form 1040 instructions to figure your deduction. However, if any of the following apply, you must use Worksheet 6-A in this chapter.

- You had more than one source of income subject to self-employment tax.
- You file Form 2555 or Form 2555-EZ.

Comprehensive Self-Employment Health Insurance

- You are using amounts paid for qualified long-term care insurance to figure the deduction. If you are claiming the HCTC, complete Form 8885 before you figure this deduction.

More than one health plan and business. If you have more than one health plan during the year and each plan is established under a different business, you must use separate worksheets (Worksheet 6-A) to figure each plan's net earnings limit. Include the premium you paid under each plan on line 1 or line 2 of that separate worksheet and your net profit (or wages) from that business on line 4 (or line 11). For a plan that provides long-term care insurance, the total of the amounts entered for each person on line 2 of all worksheets can't be more than the appropriate limit shown on line 2 for that person.