



MISSOURI SENATE

JEFFERSON CITY

John Loudon
7th Senate District

CAPITOL BUILDING, ROOM 422
JEFFERSON CITY, MO 65101

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Contact: Mike Reid
(573) 751-9763

Sen. Loudon Reminds Tax Filers of New Deduction Available

Sen. Loudon's Work in 2007 Means Less Taxes for Missourians in 2008

JEFFERSON CITY – A large number of Missouri taxpayers can now reduce their state income tax liability by deducting the cost of health insurance premiums from their federal taxable income, following health insurance reforms authored by Sen. John Loudon, R-Chesterfield, and approved by the General Assembly last year.

“This is a wonderful opportunity for many Missouri taxpayers to realize significant tax savings and keep more money in their pockets,” Sen. Loudon said. “This deduction covers a wide variety of health insurance premiums and could potentially benefit millions of Missourians who pay for health insurance through their employers, privately, or through government-sponsored healthcare such as Medicare. **This would include Medicare premiums, Medicare supplemental insurance premiums and possibly prescription drug plans such as Medicare Part D.**”

The new deduction allows Missouri taxpayers who itemize deductions on their federal and state income tax returns to deduct regular and supplemental health insurance premiums paid during the 2007 tax year — premiums that primarily provide health care coverage for the taxpayer, the taxpayer’s spouse or the taxpayer’s dependents. (Pre-tax health insurance premiums, such as those paid through cafeteria health plans, are not eligible.)

“My office has received a number of inquiries about the new deduction, and with the tax season just underway, I want to encourage Missouri taxpayers who qualify for this deduction to take advantage of this cost-saving incentive that ultimately will result in helping grow the state’s economy,” Loudon said.

Interested tax filers should obtain the “MO-A Individual Income Tax Adjustments,” a form that accompanies the state’s primary form for itemizing taxes, the “MO 1040.” Those filing for the deduction are required to provide proof of qualified paid health insurance premiums to the Missouri Department of Revenue. Because individual tax situations vary, tax filers are encouraged to contact their financial advisor or tax preparer for assistance.

State income tax questions may also be directed to the Missouri Department of Revenue’s Taxation Bureau at (573) 751-3505. State tax forms, including the MO-A Individual Income Tax Adjustments form, can be downloaded from www.dor.mo.gov.

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