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Internal Revenue Service

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# Social Security and Equivalent Railroad Retirement Benefits

For use in preparing  
**2008** Returns



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## Reminder

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## Introduction

This publication explains the federal income tax rules for social security benefits and equivalent tier 1 railroad retirement benefits. It is prepared through the joint efforts of the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the U.S. Railroad Retirement Board (RRB).

Social security benefits include monthly retirement, survivor, and disability benefits. They do not include supplemental security income (SSI) payments, which are not taxable.

Equivalent tier 1 railroad retirement benefits are the part of tier 1 benefits that a railroad employee or beneficiary would have been entitled to receive under the social security system. They are commonly called the social security equivalent benefit (SSEB) portion of tier 1 benefits.

If you received these benefits during 2008, you should have received a Form SSA-1099, Social Security Benefit Statement, or Form RRB-1099, Payments by the Railroad Retirement Board, (Form SSA-1042S, Social Security Benefit Statement, or Form RRB-1042S, Statement for Nonresident Alien Recipients of: Payments by the Railroad Retirement Board, if you are a nonresident alien) showing the amount.

**Note.** When the term “benefits” is used in this publication, it applies to both social security benefits and the SSEB portion of tier 1 railroad retirement benefits.

**What is covered in this publication.** This publication covers the following topics:

- Whether any of your benefits are taxable,
- How much is taxable,
- How to report taxable benefits,
- How to treat lump-sum benefit payments, and
- Deductions related to your benefits, including a deduction or credit you can claim if your repayments are more than your gross benefits.

The *Appendix* at the end of this publication explains items shown on your Form SSA-1099, SSA-1042S, RRB-1099, or RRB-1042S.

**What is not covered in this publication.** This publication does not cover the tax rules for the following railroad retirement benefits:

- Non-social security equivalent benefit (NSSEB) portion of tier 1 benefits,
- Tier 2 benefits,
- Vested dual benefits, and
- Supplemental annuity benefits.

For information on these taxable pension benefits, see Publication 575, Pension and Annuity Income.

This publication also does not cover the tax rules for foreign social security benefits. These benefits are taxable as annuities, unless they are exempt from U.S. tax or treated as a U.S. social security benefit under a tax treaty.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions.

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## Useful Items

You may want to see:

### Publication

- 505** Tax Withholding and Estimated Tax
- 575** Pension and Annuity Income
- 590** Individual Retirement Arrangements (IRAs)

### Forms (and Instructions)

- 1040-ES** Estimated Tax for Individuals
- SSA-1099** Social Security Benefit Statement
- SSA-1042S** Social Security Benefit Statement
- RRB-1099** Payments by the Railroad Retirement Board
- RRB-1042S** Statement for Nonresident Alien Recipients of: Payments by the Railroad Retirement Board
- W-4V** Voluntary Withholding Request

See *How To Get Tax Help* near the end of this publication for information about getting these publications and forms.

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## Are Any of Your Benefits Taxable?

To find out whether any of your benefits may be taxable, compare the base amount (explained later) for your filing status with the total of:

1. One-half of your benefits, plus
2. All your other income, including tax-exempt interest.

When making this comparison, do not reduce your other income by any exclusions for:

- Interest from qualified U.S. savings bonds,
- Employer-provided adoption benefits,
- Foreign earned income or foreign housing, or
- Income earned by bona fide residents of American Samoa or Puerto Rico.



- A. Enter the amount from **box 5** of all your Forms SSA-1099 and RRB-1099. Include the full amount of any lump-sum benefit payments received in 2008, for 2008 and earlier years. (If you received more than one form, combine the amounts from box 5 and enter the total.) . . . . . A. \_\_\_\_\_
- Note.** If the amount on line A is zero or less, stop here; none of your benefits are taxable this year.
- B. Enter one-half of the amount on line A . . . . . B. \_\_\_\_\_
- C. Enter your taxable pensions, wages, interest, dividends, and other taxable income . . . . . C. \_\_\_\_\_
- D. Enter any tax-exempt interest income (such as interest on municipal bonds) plus any exclusions from income (listed earlier) . . . . . D. \_\_\_\_\_
- E. Add lines B, C, and D . . . . . E. \_\_\_\_\_

**Note.** Compare the amount on line E to your **base amount** for your filing status. If the amount on line E equals or is less than the **base amount** for your filing status, none of your benefits are taxable this year. If the amount on line E is more than your **base amount**, some of your benefits may be taxable. You need to complete Worksheet 1, shown later. If none of your benefits are taxable, but you otherwise must file a tax return, see *Benefits not taxable*, later, under *How To Report Your Benefits*.

**TIP** *The SSA issues Form SSA-1099 and Form SSA-1042S. The RRB issues Form RRB-1099 and Form RRB-1042S. These forms (tax statements) report the amounts paid and repaid, and taxes withheld for a tax year. You may receive more than one of these forms for the same tax year. You should add the amounts shown on all forms you receive from the SSA and/or RRB for the same tax year to determine the “total” amounts paid and repaid, and taxes withheld for that tax year. See Appendix, at the end of this publication for more information.*

*Each original Form RRB-1099 is valid unless it has been corrected. The RRB will issue a corrected Form RRB-1099 if there is an error in the original. A corrected Form RRB-1099 is indicated as “CORRECTED” and replaces the corresponding original Form RRB-1099. You must use the latest corrected Form RRB-1099 you received and any original Form RRB-1099 that the RRB has not corrected when you determine what amounts to report on your tax return.*

**Figuring total income.** To figure the total of one-half of your benefits plus your other income, use Worksheet A, discussed later. If the total is more than your base amount, part of your benefits may be taxable.

If you are married and file a joint return for 2008, you and your spouse must combine your incomes and your benefits to figure whether any of your combined benefits are taxable. Even if your spouse did not receive any benefits, you must add your spouse’s income to yours to figure whether any of your benefits are taxable.

**TIP** *If the only income you received during 2008 was your social security or the SSEB portion of tier 1 railroad retirement benefits, your benefits generally are not taxable and you probably do not have to file a return. If you have income in addition to your benefits, you may have to file a return even if none of your benefits are taxable.*

**Base amount.** Your base amount is:

- \$25,000 if you are single, head of household, or qualifying widow(er),
- \$25,000 if you are married filing separately and lived apart from your spouse for all of 2008,
- \$32,000 if you are married filing jointly, or
- \$-0- if you are married filing separately and lived with your spouse at any time during 2008.

**Worksheet A.** You can use Worksheet A to figure the amount of income to compare with your base amount. This is a quick way to check whether some of your benefits may be taxable.

**Example.** You and your spouse (both over 65) are filing a joint return for 2008 and you both received social security benefits during the year. In January 2009, you received a Form SSA-1099 showing net benefits of \$7,500 in box 5. Your spouse received a Form SSA-1099 showing net benefits of \$3,500 in box 5. You also received a taxable pension of \$20,000 and interest income of \$500. You did not have any tax-exempt interest income. Your benefits are not taxable for 2008 because your income, as figured in Worksheet A on the next page, is not more than your base amount (\$32,000) for married filing jointly.

Even though none of your benefits are taxable, you must file a return for 2008 because your taxable gross income (\$20,500) exceeds the minimum filing requirement amount for your filing status.



A.	Enter the amount from <b>box 5</b> of all your Forms SSA-1099 and RRB-1099. Include the full amount of any lump-sum benefit payments received in 2008, for 2008 and earlier years. (If you received more than one form, combine the amounts from box 5 and enter the total.) . . . . .	A.	\$11,000
<b>Note.</b> If the amount on line A is zero or less, stop here; none of your benefits are taxable this year.			
B.	Enter one-half of the amount on line A . . . . .	B.	5,500
C.	Enter your taxable pensions, wages, interest, dividends, and other taxable income . . . . .	C.	20,500
D.	Enter any tax-exempt interest income (such as interest on municipal bonds) plus any exclusions from income (listed earlier) . . . . .	D.	-0-
E.	Add lines B, C, and D . . . . .	E.	\$26,000

**Note.** Compare the amount on line E to your **base amount** for your filing status. If the amount on line E equals or is less than the **base amount** for your filing status, none of your benefits are taxable this year. If the amount on line E is more than your **base amount**, some of your benefits may be taxable. You need to complete Worksheet 1, shown later. If none of your benefits are taxable, but you otherwise must file a tax return, see *Benefits not taxable*, later, under *How To Report Your Benefits*.

**Who is taxed.** Benefits are included in the taxable income (to the extent they are taxable) of the person who has the legal right to receive the benefits. For example, if you and your child receive benefits, but the check for your child is made out in your name, you must use only your part of the benefits to see whether any benefits are taxable to you. One-half of the part that belongs to your child must be added to your child's other income to see whether any of those benefits are taxable to your child.

**Repayment of benefits.** Any repayment of benefits you made during 2008 must be subtracted from the gross benefits you received in 2008. It does not matter whether the repayment was for a benefit you received in 2008 or in an earlier year. If you repaid more than the gross benefits you received in 2008, see *Repayments More Than Gross Benefits*, later.

Your gross benefits are shown in box 3 of Form SSA-1099 or Form RRB-1099. Your repayments are shown in box 4. The amount in box 5 shows your net benefits for 2008 (box 3 minus box 4). Use the amount in box 5 to figure whether any of your benefits are taxable.

**Example.** In 2007, you received \$3,000 in social security benefits, and in 2008 you received \$2,700. In March 2008, SSA notified you that you should have received only \$2,500 in benefits in 2007. During 2008, you repaid \$500 to SSA. The Form SSA-1099 you received for 2008 shows \$2,700 in box 3 (gross amount) and \$500 in box 4 (repayment). The amount in box 5 shows your net benefits of \$2,200 (\$2,700 minus \$500).

**Tax withholding and estimated tax.** You can choose to have federal income tax withheld from your social security benefits and/or the SSEB portion of your tier 1 railroad retirement benefits. If you choose to do this, you must complete a Form W-4V. You can choose withholding at 7%, 10%, 15%, or 25% of your total benefit payment.

If you do not choose to have income tax withheld, you may have to request additional withholding from other

income or pay estimated tax during the year. For details, get Publication 505 or the instructions for Form 1040-ES.

**U.S. citizens residing abroad.** U.S. citizens who reside in the following countries are exempt from U.S. tax on their benefits.

- Canada.
- Egypt.
- Germany.
- Ireland.
- Israel.
- Italy. (You must also be a citizen of Italy for the exemption to apply.)
- Romania.
- United Kingdom.

The SSA will not withhold U.S. tax from your benefits if you are a U.S. citizen.

The RRB will withhold U.S. tax from your benefits unless you file Form RRB-1001, Nonresident Questionnaire, with the RRB to provide citizenship and residency information. If you do not file Form RRB-1001, the RRB will consider you a nonresident alien and withhold tax from your railroad retirement benefits at a 30% rate. Contact the RRB to get this form.

**Lawful permanent residents.** For U.S. income tax purposes, lawful permanent residents (green card holders) are considered resident aliens until their lawful permanent resident status under the immigration laws is either taken away or is administratively or judicially determined to have been abandoned. Social security benefits paid to a green card holder are not subject to 30% withholding. If you are a green card holder and tax was withheld in error on your social security benefits because you have a foreign address, the withholding tax is refundable by the Social Security Administration (SSA) or the IRS. SSA will refund

taxes erroneously withheld if the refund can be processed during the same calendar year in which the tax was withheld. If SSA cannot refund the taxes withheld, you must file a Form 1040 or 1040A with the Internal Revenue Service Center, Austin, TX 73301 to determine if you are entitled to a refund. You must also attach the following information to your Form 1040 or 1040A:

- A copy of the Form SSA-1042S, Social Security Benefit Statement,
- A copy of the “green card,” and
- A signed declaration that includes the following statements:

“The SSA should not have withheld federal income tax from my social security benefits because I am a U.S. lawful permanent resident and my green card has been neither revoked nor administratively or judicially determined to have been abandoned. I am filing a U.S. income tax return for the tax year as a resident alien reporting all of my worldwide income. I have not claimed benefits for the tax year under an income tax treaty as a nonresident alien.”

**Nonresident aliens.** A nonresident alien is an individual who is not a citizen or resident of the United States. If you are a nonresident alien, the rules discussed in this publication do not apply to you. Instead, 85% of your benefits are taxed at a 30% rate, unless exempt (or subject to a lower rate) by treaty. You will receive a Form SSA-1042S or Form RRB-1042S showing the amount of your benefits. These forms will also show the tax rate and the amount of tax withheld from your benefits.

Under tax treaties with the following countries, residents of these countries are exempt from U.S. tax on their benefits.

- Canada.
- Egypt.
- Germany.
- Ireland.
- Israel.
- Italy.
- Japan.
- Romania.
- United Kingdom.

Under a treaty with India, benefits paid to individuals who are both residents and nationals of India are exempt from U.S. tax if the benefits are for services performed for the United States, its subdivisions, or local government authorities.

If you are a resident of Switzerland, your total benefit amount will be taxed at a 15% rate.

For more information on whether you are a nonresident alien, get Publication 519, U.S. Tax Guide for Aliens.

**Exemption from withholding.** If your social security benefits are exempt from tax because you are a resident of

one of the treaty countries listed, the SSA will not withhold U.S. tax from your benefits.

If your railroad retirement benefits are exempt from tax because you are a resident of one of the treaty countries listed, you can claim an exemption from withholding by filing Form RRB-1001 with the RRB. Contact the RRB to get this form.

**Canadian or German social security benefits paid to U.S. residents.** Under income tax treaties with Canada and Germany, social security benefits paid by those countries to U.S. residents are treated for U.S. income tax purposes as if they were paid under the social security legislation of the United States. If you receive social security benefits from Canada or Germany, include them on line 1 of Worksheet 1, shown later.

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## How To Report Your Benefits

If part of your benefits are taxable, you must use Form 1040 or Form 1040A. You cannot use Form 1040EZ.

**Reporting on Form 1040.** Report your net benefits (the amount in box 5 of your Form SSA-1099 or Form RRB-1099) on line 20a and the taxable part on line 20b. If you are married filing separately and you lived apart from your spouse for all of 2008, also enter “D” to the right of the word “benefits” on line 20a.

**Reporting on Form 1040A.** Report your net benefits (the amount in box 5 of your Form SSA-1099 or Form RRB-1099) on line 14a and the taxable part on line 14b. If you are married filing separately and you lived apart from your spouse for all of 2008, also enter “D” to the right of the word “benefits” on line 14a.

**Benefits not taxable.** If you are filing Form 1040EZ, do not report any benefits on your tax return. If you are filing Form 1040 or Form 1040A, report your net benefits (the amount in box 5 of your Form SSA-1099 or Form RRB-1099) on Form 1040, line 20a, or Form 1040A, line 14a. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b. If you are married filing separately and you lived apart from your spouse for all of 2008, also enter “D” to the right of the word “benefits” on Form 1040, line 20a, or Form 1040A, line 14a.

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## How Much Is Taxable?

If part of your benefits are taxable, how much is taxable depends on the total amount of your benefits and other income. Generally, the higher that total amount, the greater the taxable part of your benefits.

**Maximum taxable part.** Generally, up to 50% of your benefits will be taxable. However, up to 85% of your benefits can be taxable if either of the following situations applies to you.

- The total of one-half of your benefits and all your other income is more than \$34,000 (\$44,000 if you are married filing jointly).

- You are married filing separately and lived with your spouse at any time during 2008.

**Which worksheet to use.** A worksheet to figure your taxable benefits is in the instructions for your Form 1040 or 1040A. You can use either that worksheet or Worksheet 1 in this publication, unless any of the following situations applies to you.

1. You contributed to a traditional individual retirement arrangement (IRA) and you or your spouse is covered by a retirement plan at work. In this situation you must use the special worksheets in *Appendix B* of Publication 590 to figure both your IRA deduction and your taxable benefits.
2. Situation (1) does not apply and you take an exclusion for interest from qualified U.S. savings bonds

(Form 8815), for adoption benefits (Form 8839), for foreign earned income or housing (Form 2555 or Form 2555-EZ), or for income earned in American Samoa (Form 4563) or Puerto Rico by bona fide residents. In this situation, you must use Worksheet 1 in this publication to figure your taxable benefits.

3. You received a lump-sum payment for an earlier year. In this situation, also complete Worksheet 2 or 3 and Worksheet 4 in this publication. See *Lump-Sum Election*, later.

## Examples

The following pages contain a few examples you can use as a guide to figure the taxable part of your benefits.

**Example 1.**

George White is single and files Form 1040 for 2008. In addition to receiving social security payments, he received a fully taxable pension of \$18,600, wages from a part-time job of \$9,400, and taxable interest income of \$990, for a total of \$28,990. He received a Form SSA-1099 in January 2009 that shows his net social security benefits of \$5,980 in box 5. To figure his taxable benefits, George completes Worksheet 1, shown below. On line 20a of his Form 1040, George enters his net benefits of \$5,980. On line 20b, he enters his taxable benefits of \$2,990.

Filled-in Worksheet 1. **Figuring Your Taxable Benefits**

Keep for your records

**Before you begin:**



- If you are married filing separately and you lived apart from your spouse for all of 2008, enter “D” to the right of the word “benefits” on Form 1040, line 20a, or Form 1040A, line 14a.
- Do not use this worksheet if you repaid benefits in 2008 and your total repayments (box 4 of Forms SSA-1099 and RRB-1099) were more than your gross benefits for 2008 (box 3 of Forms SSA-1099 and RRB-1099). None of your benefits are taxable for 2008. For more information, see *Repayments More Than Gross Benefits*.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 20a, or Form 1040A, line 14a	1.	\$5,980	
2. Enter one-half of line 1	2.		2,990
3. Enter the total of the amounts from: <b>Form 1040:</b> Lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 <b>Form 1040A:</b> Lines 7, 8a, 9a, 10, 11b, 12b, and 13	3.		28,990
4. Enter the amount, if any, from Form 1040 or 1040A, line 8b	4.		
5. <b>Form 1040 filers:</b> Enter the total of any exclusions/adjustments for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> <li>• Foreign earned income or housing (Form 2555, lines 45 and 50, or Form 2555-EZ, line 18), and</li> <li>• Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico</li> </ul> <b>Form 1040A filers:</b> Enter the total of any exclusions for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> </ul>	5.		-0-
6. Add lines 2, 3, 4, and 5	6.		31,980
7. <b>Form 1040 filers:</b> Enter the amounts from Form 1040, lines 23 through 32, and any write-in adjustments you entered on the dotted line next to line 36. <b>Form 1040A filers:</b> Enter the amounts from Form 1040A, lines 16 and 17	7.		-0-
8. Is the amount on line 7 less than the amount on line 6? <b>No.</b> None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b. <b>Yes.</b> Subtract line 7 from line 6	8.		31,980
9. If you are: <ul style="list-style-type: none"> <li>• Married filing jointly, enter \$32,000</li> <li>• Single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008, enter \$25,000</li> </ul> <b>Note.</b> If you are married filing separately and you lived with your spouse at any time in 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.	9.		25,000
10. Is the amount on line 9 less than the amount on line 8? <b>No.</b> None of your benefits are taxable. Enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b. If you are married filing separately and you <b>lived apart</b> from your spouse for all of 2008, be sure you entered “D” to the right of the word “benefits” on Form 1040, line 20a, or on Form 1040A, line 14a. <b>Yes.</b> Subtract line 9 from line 8	10.		6,980
11. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008	11.		9,000
12. Subtract line 11 from line 10. If zero or less, enter -0-	12.		-0-
13. Enter the <b>smaller</b> of line 10 or line 11	13.		6,980
14. Enter one-half of line 13	14.		3,490
15. Enter the <b>smaller</b> of line 2 or line 14	15.		2,990
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0-	16.		-0-
17. Add lines 15 and 16	17.		2,990
18. Multiply line 1 by 85% (.85)	18.		5,083
19. <b>Taxable benefits.</b> Enter the <b>smaller</b> of line 17 or line 18. Also enter this amount on Form 1040, line 20b, or Form 1040A, line 14b	19.		2,990



*If you received a lump-sum payment in 2008 that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see if you can report a lower taxable benefit.*

**Example 2.**

Ray and Alice Hopkins file a joint return on Form 1040A for 2008. Ray is retired and received a fully taxable pension of \$15,500. He also received social security benefits and his Form SSA-1099 for 2008 shows net benefits of \$5,600 in box 5. Alice worked during the year and had wages of \$14,000. She made a deductible payment to her IRA account of \$1,000. Ray and Alice have two savings accounts with a total of \$250 in taxable interest income. They complete Worksheet 1 (below) and find that none of Ray's benefits are taxable. On line 3 of the worksheet, they enter \$29,750 (\$15,500 + \$14,000 + \$250). On Form 1040A, they enter \$5,600 on line 14a and -0- on line 14b.

**Filled-in Worksheet 1. Figuring Your Taxable Benefits**

*Keep for your records*

**Before you begin:**



- If you are married filing separately and you lived apart from your spouse for all of 2008, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.
- Do not use this worksheet if you repaid benefits in 2008 and your total repayments (box 4 of Forms SSA-1099 and RRB-1099) were more than your gross benefits for 2008 (box 3 of Forms SSA-1099 and RRB-1099). None of your benefits are taxable for 2008. For more information, see *Repayments More Than Gross Benefits*.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 20a, or Form 1040A, line 14a	1.	<u>    \$5,600    </u>	
2. Enter one-half of line 1	2.	<u>    2,800    </u>	
3. Enter the total of the amounts from: <b>Form 1040:</b> Lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 <b>Form 1040A:</b> Lines 7, 8a, 9a, 10, 11b, 12b, and 13	3.	<u>   29,750   </u>	
4. Enter the amount, if any, from Form 1040 or 1040A, line 8b	4.	<u>          </u>	
5. <b>Form 1040 filers:</b> Enter the total of any exclusions/adjustments for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> <li>• Foreign earned income or housing (Form 2555, lines 45 and 50, or Form 2555-EZ, line 18), and</li> <li>• Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico</li> </ul> <b>Form 1040A filers:</b> Enter the total of any exclusions for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> </ul>	5.	<u>    -0-    </u>	
6. Add lines 2, 3, 4, and 5.	6.	<u>   32,550   </u>	
7. <b>Form 1040 filers:</b> Enter the amounts from Form 1040, lines 23 through 32, and any write-in adjustments you entered on the dotted line next to line 36. <b>Form 1040A filers:</b> Enter the amounts from Form 1040A, lines 16 and 17	7.	<u>    1,000    </u>	
8. Is the amount on line 7 less than the amount on line 6? <b>No.</b> None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b. <b>Yes.</b> Subtract line 7 from line 6	8.	<u>   31,550   </u>	
9. If you are: <ul style="list-style-type: none"> <li>• Married filing jointly, enter \$32,000</li> <li>• Single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008, enter \$25,000</li> </ul> <b>Note.</b> If you are married filing separately and you lived with your spouse at any time in 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.	9.	<u>   32,000   </u>	
10. Is the amount on line 9 less than the amount on line 8? <b>No.</b> None of your benefits are taxable. Enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b. If you are married filing separately and you <b>lived apart</b> from your spouse for all of 2008, be sure you entered "D" to the right of the word "benefits" on Form 1040, line 20a, or on Form 1040A, line 14a. <b>Yes.</b> Subtract line 9 from line 8	10.	<u>          </u>	
11. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008	11.	<u>          </u>	
12. Subtract line 11 from line 10. If zero or less, enter -0-	12.	<u>          </u>	
13. Enter the <b>smaller</b> of line 10 or line 11	13.	<u>          </u>	
14. Enter one-half of line 13	14.	<u>          </u>	
15. Enter the <b>smaller</b> of line 2 or line 14	15.	<u>          </u>	
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0-	16.	<u>          </u>	
17. Add lines 15 and 16	17.	<u>          </u>	
18. Multiply line 1 by 85% (.85)	18.	<u>          </u>	
19. <b>Taxable benefits.</b> Enter the <b>smaller</b> of line 17 or line 18. Also enter this amount on Form 1040, line 20b, or Form 1040A, line 14b	19.	<u>          </u>	



*If you received a lump-sum payment in 2008 that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see if you can report a lower taxable benefit.*



**Example 3.**

Joe and Betty Johnson file a joint return on Form 1040 for 2008. Joe is a retired railroad worker and in 2008 received the social security equivalent benefit (SSEB) portion of tier 1 railroad retirement benefits. Joe's Form RRB-1099 shows \$10,000 in box 5. Betty is a retired government worker and received a fully taxable pension of \$38,000. They had \$2,300 in taxable interest income plus interest of \$200 on a qualified U.S. savings bond. The savings bond interest qualified for the exclusion. They figure their taxable benefits by completing Worksheet 1 below. On line 3 of the worksheet, they enter \$40,300 (\$38,000 + \$2,300). More than 50% of Joe's net benefits are taxable because the income on line 8 of the worksheet (\$45,500) is more than \$44,000. (See *Maximum taxable part* under *How Much Is Taxable* earlier.) Joe and Betty enter \$10,000 on Form 1040, line 20a, and \$6,275 on Form 1040, line 20b.

**Filled-in Worksheet 1. Figuring Your Taxable Benefits**

*Keep for your records*

**Before you begin:**



- If you are married filing separately and you lived apart from your spouse for all of 2008, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.
- Do not use this worksheet if you repaid benefits in 2008 and your total repayments (box 4 of Forms SSA-1099 and RRB-1099) were more than your gross benefits for 2008 (box 3 of Forms SSA-1099 and RRB-1099). None of your benefits are taxable for 2008. For more information, see *Repayments More Than Gross Benefits*.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 20a, or Form 1040A, line 14a	1. <u>\$10,000</u>
2. Enter one-half of line 1	2. <u>5,000</u>
3. Enter the total of the amounts from: <b>Form 1040:</b> Lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 <b>Form 1040A:</b> Lines 7, 8a, 9a, 10, 11b, 12b, and 13	3. <u>40,300</u>
4. Enter the amount, if any, from Form 1040 or 1040A, line 8b	4. _____
5. <b>Form 1040 filers:</b> Enter the total of any exclusions/adjustments for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> <li>• Foreign earned income or housing (Form 2555, lines 45 and 50, or Form 2555-EZ, line 18), and</li> <li>• Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico</li> </ul> <b>Form 1040A filers:</b> Enter the total of any exclusions for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> </ul>	5. <u>200</u>
6. Add lines 2, 3, 4, and 5	6. <u>45,500</u>
7. <b>Form 1040 filers:</b> Enter the amounts from Form 1040, lines 23 through 32, and any write-in adjustments you entered on the dotted line next to line 36. <b>Form 1040A filers:</b> Enter the amounts from Form 1040A, lines 16 and 17	7. <u>-0-</u>
8. Is the amount on line 7 less than the amount on line 6? <b>No.</b> None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b. <b>Yes.</b> Subtract line 7 from line 6	8. <u>45,500</u>
9. If you are: <ul style="list-style-type: none"> <li>• Married filing jointly, enter \$32,000</li> <li>• Single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008, enter \$25,000</li> </ul> <b>Note.</b> If you are married filing separately and you lived with your spouse at any time in 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.	9. <u>32,000</u>
10. Is the amount on line 9 less than the amount on line 8? <b>No.</b> None of your benefits are taxable. Enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b. If you are married filing separately and you <b>lived apart</b> from your spouse for all of 2008, be sure you entered "D" to the right of the word "benefits" on Form 1040, line 20a, or on Form 1040A, line 14a. <b>Yes.</b> Subtract line 9 from line 8	10. <u>13,500</u>
11. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008	11. <u>12,000</u>
12. Subtract line 11 from line 10. If zero or less, enter -0-	12. <u>1,500</u>
13. Enter the <b>smaller</b> of line 10 or line 11	13. <u>12,000</u>
14. Enter one-half of line 13	14. <u>6,000</u>
15. Enter the <b>smaller</b> of line 2 or line 14	15. <u>5,000</u>
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0-	16. <u>1,275</u>
17. Add lines 15 and 16	17. <u>6,275</u>
18. Multiply line 1 by 85% (.85)	18. <u>8,500</u>
19. <b>Taxable benefits.</b> Enter the <b>smaller</b> of line 17 or line 18. Also enter this amount on Form 1040, line 20b, or Form 1040A, line 14b	19. <u>\$6,275</u>



*If you received a lump-sum payment in 2008 that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see if you can report a lower taxable benefit.*

**Example 4.**

Bill and Eileen Jones are married and live together, but file separate Form 1040 returns for 2008. Bill earned \$8,000 during 2008. The only other income he had for the year was \$4,000 net social security benefits (box 5 of his Form SSA-1099). Bill figures his taxable benefits by completing Worksheet 1 below. He must include 85% of his social security benefits in his taxable income because he is married filing separately and lived with his spouse during 2008. See *How Much Is Taxable* earlier. Bill enters \$4,000 on his Form 1040, line 20a, and \$3,400 on Form 1040, line 20b.

Filled-in Worksheet 1. **Figuring Your Taxable Benefits**

Keep for your records

**Before you begin:**



- If you are married filing separately and you lived apart from your spouse for all of 2008, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.
- Do not use this worksheet if you repaid benefits in 2008 and your total repayments (box 4 of Forms SSA-1099 and RRB-1099) were more than your gross benefits for 2008 (box 3 of Forms SSA-1099 and RRB-1099). None of your benefits are taxable for 2008. For more information, see *Repayments More Than Gross Benefits*.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 20a, or Form 1040A, line 14a	1. <u>\$4,000</u>
2. Enter one-half of line 1	2. <u>2,000</u>
3. Enter the total of the amounts from: <b>Form 1040:</b> Lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 <b>Form 1040A:</b> Lines 7, 8a, 9a, 10, 11b, 12b, and 13	3. <u>8,000</u>
4. Enter the amount, if any, from Form 1040 or 1040A, line 8b	4. _____
5. <b>Form 1040 filers:</b> Enter the total of any exclusions/adjustments for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> <li>• Foreign earned income or housing (Form 2555, lines 45 and 50, or Form 2555-EZ, line 18), and</li> <li>• Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico</li> </ul> <b>Form 1040A filers:</b> Enter the total of any exclusions for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> </ul>	5. _____
6. Add lines 2, 3, 4, and 5	6. <u>10,000</u>
7. <b>Form 1040 filers:</b> Enter the amounts from Form 1040, lines 23 through 32, and any write-in adjustments you entered on the dotted line next to line 36. <b>Form 1040A filers:</b> Enter the amounts from Form 1040A, lines 16 and 17	7. <u>-0-</u>
8. Is the amount on line 7 less than the amount on line 6? <b>No.</b> None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b. <b>Yes.</b> Subtract line 7 from line 6	8. <u>10,000</u>
9. If you are: <ul style="list-style-type: none"> <li>• Married filing jointly, enter \$32,000</li> <li>• Single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008, enter \$25,000</li> </ul> <b>Note.</b> If you are married filing separately and you lived with your spouse at any time in 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.	9. _____
10. Is the amount on line 9 less than the amount on line 8? <b>No.</b> None of your benefits are taxable. Enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b. If you are married filing separately and you <b>lived apart</b> from your spouse for all of 2008, be sure you entered "D" to the right of the word "benefits" on Form 1040, line 20a, or on Form 1040A, line 14a. <b>Yes.</b> Subtract line 9 from line 8	10. _____
11. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008	11. _____
12. Subtract line 11 from line 10. If zero or less, enter -0-	12. _____
13. Enter the <b>smaller</b> of line 10 or line 11	13. _____
14. Enter one-half of line 13	14. _____
15. Enter the <b>smaller</b> of line 2 or line 14	15. _____
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0-	16. _____
17. Add lines 15 and 16	17. <u>8,500</u>
18. Multiply line 1 by 85% (.85)	18. <u>3,400</u>
19. <b>Taxable benefits.</b> Enter the <b>smaller</b> of line 17 or line 18. Also enter this amount on Form 1040, line 20b, or Form 1040A, line 14b	19. <u>\$3,400</u>



If you received a lump-sum payment in 2008 that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see if you can report a lower taxable benefit.

## Lump-Sum Election

You must include the taxable part of a lump-sum (retroactive) payment of benefits received in 2008 in your 2008 income, even if the payment includes benefits for an earlier year.

**TIP** *This type of lump-sum benefit payment should not be confused with the lump-sum death benefit that both the SSA and RRB pay to many of their beneficiaries. No part of the lump-sum death benefit is subject to tax.*

Generally, you use your 2008 income to figure the taxable part of the total benefits received in 2008. However, you may be able to figure the taxable part of a lump-sum payment for an earlier year separately, using your income for the earlier year. You can elect this method if it lowers your taxable benefits.

Under the lump-sum election method, you refigure the taxable part of all your benefits for the earlier year (including the lump-sum payment) using that year's income. Then you subtract any taxable benefits for that year that you previously reported. The remainder is the taxable part of the lump-sum payment. Add it to the taxable part of your benefits for 2008 (figured without the lump-sum payment for the earlier year).

**CAUTION** *Because the earlier year's taxable benefits are included in your 2008 income, no adjustment is made to the earlier year's return. Do not file an amended return for the earlier year.*

**Will the lump-sum election method lower your taxable benefits?** To find out, take the following steps.

1. Complete Worksheet 1 in this publication.
2. Complete Worksheet 2 and Worksheet 3 as appropriate. Use Worksheet 2 if your lump-sum payment was for a year after 1993. Use Worksheet 3 if it was for 1993 or an earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received the lump-sum payment.
3. Complete Worksheet 4.
4. Compare the taxable benefits on line 19 of Worksheet 1 with the taxable benefits on line 21 of Worksheet 4.

If the taxable benefits on Worksheet 4 are lower than the taxable benefits on Worksheet 1, you can elect to report the lower amount on your return.

**Making the election.** If you elect to report your taxable benefits under the lump-sum election method, follow the instructions at the bottom of Worksheet 4. Do not attach

the completed worksheets to your return. Keep them with your records.



*Once you elect this method of figuring the taxable part of a lump-sum payment, you can revoke your election only with the consent of the IRS.*

**Lump-sum payment reported on Form SSA-1099 or RRB-1099.** If you received a lump-sum payment in 2008 that includes benefits for one or more earlier years after 1983, it will be included in box 3 of either Form SSA-1099 or Form RRB-1099. That part of any lump-sum payment for years before 1984 is not taxed and will not be shown on the form. The form will also show the year (or years) the payment is for. However, Form RRB-1099 will not show a breakdown by year (or years) of any lump-sum payment for years before 2006. You must contact the RRB for a breakdown by year for any amount shown in box 9.

### Example

Jane Jackson is single. In 2007 she applied for social security disability benefits but was told she was ineligible. She appealed the decision and won. In 2008, she received a lump-sum payment of \$6,000, of which \$2,000 was for 2007 and \$4,000 was for 2008. Jane also received \$5,000 in social security benefits in 2008, so her total benefits in 2008 were \$11,000. Jane's other income for 2007 and 2008 is as follows.

	<u>Income</u>	<u>2007</u>	<u>2008</u>
Wages		\$20,000	\$ 3,500
Interest income		2,000	2,500
Dividend income		1,000	1,500
Fully taxable pension			18,000
Total		<u>\$23,000</u>	<u>\$25,500</u>

To see if the lump-sum election method results in lower taxable benefits, she completes Worksheets 1, 2, and 4 from this publication. She does not need to complete Worksheet 3 because her lump-sum payment was for years after 1993.

Jane completes Worksheet 1 to find the amount of her taxable benefits for 2008 under the regular method. She completes Worksheet 2 to find the taxable part of the lump-sum payment for 2007 under the lump-sum election method. She completes Worksheet 4 to decide if the lump-sum election method will lower her taxable benefits.

After completing the worksheets, Jane compares the amounts from Worksheet 4, line 21, and Worksheet 1, line 19. Because the amount on Worksheet 4 is smaller, she chooses to use the lump-sum election method. To do this, she prints "LSE" to the left of Form 1040, line 20a. She then enters \$11,000 on Form 1040, line 20a, and her taxable benefits of \$2,500 on line 20b.

Jane's filled-in worksheets (1, 2, and 4) follow.

**Example. Jane Jackson**

**Filled-in Worksheet 1. Figuring Your Taxable Benefits**

**Before you begin:**



- If you are married filing separately and you lived apart from your spouse for all of 2008, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.
- Do not use this worksheet if you repaid benefits in 2008 and your total repayments (box 4 of Forms SSA-1099 and RRB-1099) were more than your gross benefits for 2008 (box 3 of Forms SSA-1099 and RRB-1099). None of your benefits are taxable for 2008. For more information, see *Repayments More Than Gross Benefits*.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 20a, or Form 1040A, line 14a . . . . .	1. <u>\$11,000</u>
2. Enter one-half of line 1 . . . . .	2. <u>5,500</u>
3. Enter the total of the amounts from: <b>Form 1040:</b> Lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21 <b>Form 1040A:</b> Lines 7, 8a, 9a, 10, 11b, 12b, and 13 . . . . .	3. <u>25,500</u>
4. Enter the amount, if any, from Form 1040 or 1040A, line 8b . . . . .	4. <u>          </u>
5. <b>Form 1040 filers:</b> Enter the total of any exclusions/adjustments for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30)</li> <li>• Foreign earned income or housing (Form 2555, lines 45 and 50, or Form 2555-EZ, line 18), and</li> <li>• Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico</li> </ul> <b>Form 1040A filers:</b> Enter the total of any exclusions for: <ul style="list-style-type: none"> <li>• Qualified U.S. savings bond interest (Form 8815, line 14)</li> <li>• Adoption benefits (Form 8839, line 30) . . . . .</li> </ul>	5. <u>-0-</u>
6. Add lines 2, 3, 4, and 5 . . . . .	6. <u>31,000</u>
7. <b>Form 1040 filers:</b> Enter the amounts from Form 1040, lines 23 through 32, and any write-in amounts you entered on the dotted line next to line 36. <b>Form 1040A filers:</b> Enter the amounts from Form 1040A, lines 16 and 17 . . . . .	7. <u>-0-</u>
8. Is the amount on line 7 less than the amount on line 6? <b>No.</b> None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b. <b>Yes.</b> Subtract line 7 from line 6 . . . . .	8. <u>31,000</u>
9. If you are: <ul style="list-style-type: none"> <li>• Married filing jointly, enter \$32,000</li> <li>• Single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008, enter \$25,000 . . . . .</li> </ul> <b>Note.</b> If you are married filing separately and you lived with your spouse at any time in 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.	9. <u>25,000</u>
10. Is the amount on line 9 less than the amount on line 8? <b>No.</b> None of your benefits are taxable. Enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b. If you are married filing separately and you <b>lived apart</b> from your spouse for all of 2008, be sure you entered "D" to the right of the word "benefits" on Form 1040, line 20a, or on Form 1040A, line 14a. <b>Yes.</b> Subtract line 9 from line 8 . . . . .	10. <u>6,000</u>
11. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you <b>lived apart</b> from your spouse for all of 2008 . . . . .	11. <u>9,000</u>
12. Subtract line 11 from line 10. If zero or less, enter -0- . . . . .	12. <u>-0-</u>
13. Enter the <b>smaller</b> of line 10 or line 11 . . . . .	13. <u>6,000</u>
14. Enter one-half of line 13 . . . . .	14. <u>3,000</u>
15. Enter the <b>smaller</b> of line 2 or line 14 . . . . .	15. <u>3,000</u>
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0- . . . . .	16. <u>-0-</u>
17. Add lines 15 and 16 . . . . .	17. <u>3,000</u>
18. Multiply line 1 by 85% (.85) . . . . .	18. <u>9,350</u>
19. <b>Taxable benefits.</b> Enter the <b>smaller</b> of line 17 or line 18. Also enter this amount on Form 1040, line 20b, or Form 1040A, line 14b . . . . .	19. <u>\$3,000</u>



*If you received a lump-sum payment in 2008 that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see if you can report a lower taxable benefit.*



**Example. Jane Jackson**

Filled-in Worksheet 2.

**Figure Your Additional Taxable Benefits  
(From a Lump-Sum Payment for a Year After 1993)**

Enter earlier year 2007

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for the earlier year, plus the lump-sum payment for the earlier year received after that year . . . . .	1.	<u>\$2,000</u>
<b>Note.</b> If line 1 is zero or less, skip lines 2 through 20 and enter -0- on line 21. Otherwise, go on to line 2.		
2. Enter one-half of line 1 . . . . .	2.	<u>1,000</u>
3. Enter your adjusted gross income for the earlier year . . . . .	3.	<u>23,000</u>
4. Enter the total of any exclusions/adjustments you claimed in the earlier year for:		
• Adoption benefits (Form 8839)		
• Qualified U.S. savings bond interest (Form 8815)		
• Student loan interest (Form 1040, page 1, or Form 1040A, page 1)		
• Tuition and fees (Form 1040, page 1, or Form 1040A, page 1)		
• Domestic production activities (for 2005 through 2007) (Form 1040, page 1)		
• Foreign earned income or housing (Form 2555 or Form 2555-EZ)		
• Certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico . . . . .	4.	<u>-0-</u>
5. Enter any tax-exempt interest received in the earlier year . . . . .	5.	<u>-0-</u>
6. Add lines 2 through 5 . . . . .	6.	<u>24,000</u>
7. Enter your taxable benefits for the earlier year . . . . .	7.	<u>-0-</u>
8. Subtract line 7 from line 6 . . . . .	8.	<u>24,000</u>
9. If, for the earlier year, you were:		
• Married filing jointly, enter \$32,000		
• Single, head of household, qualifying widow(er), married filing separately and lived apart from your spouse for all of the earlier year, enter \$25,000 . . . . .	9.	<u>25,000</u>
<b>Note.</b> If you were married filing separately and you lived with your spouse at any time during the earlier year, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.		
10. Is the amount on line 8 more than the amount on line 9?		
<b>No.</b> Skip lines 10 through 20 and enter -0- on line 21.		
<b>Yes.</b> Subtract line 9 from line 8 . . . . .	10.	_____
11. Enter \$12,000 if married filing jointly for the earlier year; \$9,000 if single, head of household, or married filing separately and you <b>lived apart</b> from your spouse for all of the earlier year . . . . .	11.	_____
12. Subtract line 11 from line 10. If zero or less, enter -0- . . . . .	12.	_____
13. Enter the <b>smaller</b> of line 10 or line 11 . . . . .	13.	_____
14. Enter one-half of line 13 . . . . .	14.	_____
15. Enter the <b>smaller</b> of line 2 or line 14 . . . . .	15.	_____
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0- . . . . .	16.	_____
17. Add lines 15 and 16 . . . . .	17.	_____
18. Multiply line 1 by 85% (.85) . . . . .	18.	_____
19. <b>Refigured taxable benefits.</b> Enter the <b>smaller</b> of line 17 or line 18 . . . . .	19.	_____
20. Enter your taxable benefits for the earlier year (or as refigured due to a previous lump-sum payment for the year) . . . . .	20.	_____
21. <b>Additional taxable benefits.</b> Subtract line 20 from line 19. Also enter this amount on Worksheet 4, line 20 . . . . .	21.	<u>-0-</u>



*Do not file an amended return for this earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received a lump-sum payment in 2008.*



**Example. Jane Jackson**

Filled-in Worksheet 4. **Figure Your Taxable Benefits Under the Lump-Sum Election Method (Use With Worksheet 2 or 3)**

Complete Worksheet 1 and Worksheets 2 and 3 as appropriate before completing this worksheet.

1.	Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for 2008, minus the lump-sum payment for years before 2008 . . . . .	1.	<u>\$9,000</u>
<b>Note.</b> If line 1 is zero or less, skip lines 2 through 18, enter zero on line 19, and go to line 20. Otherwise, go on to line 2.			
2.	Enter one-half of line 1 . . . . .	2.	<u>4,500</u>
3.	Enter the amount from Worksheet 1, line 3 . . . . .	3.	<u>25,500</u>
4.	Enter the amount from Worksheet 1, line 4 . . . . .	4.	<u>-0-</u>
5.	Enter the amount from Worksheet 1, line 5 . . . . .	5.	<u>          </u>
6.	Add lines 2, 3, 4, and 5 . . . . .	6.	<u>30,000</u>
7.	Enter the amount from Worksheet 1, line 7 . . . . .	7.	<u>-0-</u>
8.	Subtract line 7 from line 6 . . . . .	8.	<u>30,000</u>
9.	Enter the amount from Worksheet 1, line 9. But if you are married filing separately and lived with your spouse at any time during 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18 . . . . .	9.	<u>25,000</u>
10.	Is the amount on line 8 more than the amount on line 9? <b>No.</b> Skip lines 10 through 18, enter -0- on line 19, and go to line 20. <b>Yes.</b> Subtract line 9 from line 8 . . . . .	10.	<u>5,000</u>
11.	Enter the amount from Worksheet 1, line 11 . . . . .	11.	<u>9,000</u>
12.	Subtract line 11 from line 10. If zero or less, enter -0- . . . . .	12.	<u>-0-</u>
13.	Enter the <b>smaller</b> of line 10 or line 11 . . . . .	13.	<u>5,000</u>
14.	Enter one-half of line 13 . . . . .	14.	<u>2,500</u>
15.	Enter the <b>smaller</b> of line 2 or line 14 . . . . .	15.	<u>2,500</u>
16.	Multiply line 12 by 85% (.85). If line 12 is zero, enter -0- . . . . .	16.	<u>-0-</u>
17.	Add lines 15 and 16 . . . . .	17.	<u>2,500</u>
18.	Multiply line 1 by 85% (.85) . . . . .	18.	<u>7,650</u>
19.	Enter the <b>smaller</b> of line 17 or line 18 . . . . .	19.	<u>2,500</u>
20.	Enter the total of the amounts from Worksheet 2, line 21 and Worksheet 3, line 14, for all earlier years for which the lump-sum payment was received . . . . .	20.	<u>-0-</u>
21.	<b>Taxable benefits under lump-sum election method.</b> Add lines 19 and 20 . . . . .	21.	<u>\$2,500</u>
<b>Next.</b> Is line 21 above smaller than Worksheet 1, line 19? <b>No.</b> Do not use this method to figure your taxable benefits. Follow the instructions on Worksheet 1 to report your benefits. <b>Yes.</b> You can elect to report your taxable benefits under this method. <b>To elect this method:</b> 1. Enter "LSE" to the left of Form 1040, line 20a, or Form 1040A, line 14a. 2. If line 21 above is zero, follow the instructions in line 10 for "No" on Worksheet 1. Otherwise: a. Enter the amount from Worksheet 1, line 1 on Form 1040, line 20a, or on Form 1040A, line 14a. b. Enter the amount from line 21 above on Form 1040, line 20b, or on 1040A, line 14b. c. If you are married filing separately and you <b>lived apart</b> from your spouse for all of 2008, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.			

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## Deductions Related to Your Benefits

You may be entitled to deduct certain amounts related to the benefits you receive.

**Disability payments.** You may have received disability payments from your employer or an insurance company that you included as income on your tax return in an earlier year. If you received a lump-sum payment from SSA or RRB, and you had to repay the employer or insurance company for the disability payments, you can take an itemized deduction for the part of the payments you included in gross income in the earlier year. If the amount you repay is more than \$3,000, you may be able to claim a tax credit instead. Claim the deduction or credit in the same way explained under *Repayment of benefits received in an earlier year* in the section *Repayments More Than Gross Benefits*, later.

**Legal expenses.** You can usually deduct legal expenses that you pay or incur to produce or collect taxable income or in connection with the determination, collection, or refund of any tax.

Legal expenses for collecting the taxable part of your benefits are deductible as a miscellaneous itemized deduction on Schedule A (Form 1040), line 23.

## Repayments More Than Gross Benefits

In some situations, your Form SSA-1099 or Form RRB-1099 will show that the total benefits you repaid (box 4) are more than the gross benefits (box 3) you received. If this occurred, your net benefits in box 5 will be a negative figure (a figure in parentheses) and none of your benefits will be taxable. Do not use Worksheet 1 in this case. If you receive more than one form, a negative figure in box 5 of one form is used to offset a positive figure in box 5 of another form for that same year.

If you have any questions about this negative figure, contact your local SSA office or your local RRB field office.

**Joint return.** If you and your spouse file a joint return, and your Form SSA-1099 or RRB-1099 has a negative figure in box 5, but your spouse's does not, subtract the amount in box 5 of your form from the amount in box 5 of your spouse's form. You do this to get your net benefits when figuring if your combined benefits are taxable.

**Example.** John and Mary file a joint return for 2008. John received Form SSA-1099 showing \$3,000 in box 5. Mary also received Form SSA-1099 and the amount in box 5 was (\$500). John and Mary will use \$2,500 (\$3,000 minus \$500) as the amount of their net benefits when figuring if any of their combined benefits are taxable.

**Repayment of benefits received in an earlier year.** If the total amount shown in box 5 of all of your Forms SSA-1099 and RRB-1099 is a negative figure, you can take an itemized deduction for the part of this negative figure that represents benefits you included in gross income in an earlier year.

**Deduction \$3,000 or less.** If this deduction is \$3,000 or less, it is subject to the 2%-of-adjusted-gross-income limit that applies to certain miscellaneous itemized deductions. Claim it on Schedule A (Form 1040), line 23.

**Deduction more than \$3,000.** If this deduction is more than \$3,000, you should figure your tax two ways:

1. Figure your tax for 2008 with the itemized deduction included on Schedule A, line 28.
2. Figure your tax for 2008 in the following steps:
  - a. Figure the tax without the itemized deduction included on Schedule A, line 28.
  - b. For each year after 1983 for which part of the negative figure represents a repayment of benefits, refigure your taxable benefits as if your total benefits for the year were reduced by that part of the negative figure. Then refigure the tax for that year.
  - c. Subtract the total of the refigured tax amounts in (b) from the total of your actual tax amounts.
  - d. Subtract the result in (c) from the result in (a).

Compare the tax figured in methods (1) and (2). Your tax for 2008 is the smaller of the two amounts. If method (1) results in less tax, take the itemized deduction on Schedule A (Form 1040), line 28. If method (2) results in less tax, claim a credit for the amount from step 2(c) above on Form 1040, line 68, and write "I.R.C. 1341" in the margin to the left of line 68. If both methods produce the same tax, deduct the repayment on Schedule A (Form 1040), line 28.



Worksheet 1. Figuring Your Taxable Benefits

Before you begin:

- If you are married filing separately and you lived apart from your spouse for all of 2008, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.
• Do not use this worksheet if you repaid benefits in 2008 and your total repayments (box 4 of Forms SSA-1099 and RRB-1099) were more than your gross benefits for 2008 (box 3 of Forms SSA-1099 and RRB-1099). None of your benefits are taxable for 2008. For more information, see Repayments More Than Gross Benefits.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 20a, or Form 1040A, line 14a 1. \_\_\_\_\_ 2. \_\_\_\_\_
2. Enter one-half of line 1 ..... 2. \_\_\_\_\_
3. Enter the total of the amounts from:
Form 1040: Lines 7, 8a, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21
Form 1040A: Lines 7, 8a, 9a, 10, 11b, 12b, and 13 ..... 3. \_\_\_\_\_
4. Enter the amount, if any, from Form 1040 or 1040A, line 8b ..... 4. \_\_\_\_\_
5. Form 1040 filers: Enter the total of any exclusions/adjustments for:
• Qualified U.S. savings bond interest (Form 8815, line 14)
• Adoption benefits (Form 8839, line 30)
• Foreign earned income or housing (Form 2555, lines 45 and 50, or Form 2555-EZ, line 18), and
• Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico
Form 1040A filers: Enter the total of any exclusions for:
• Qualified U.S. savings bond interest (Form 8815, line 14)
• Adoption benefits (Form 8839, line 30) ..... 5. \_\_\_\_\_
6. Add lines 2, 3, 4, and 5 ..... 6. \_\_\_\_\_
7. Form 1040 filers: Enter the amounts from Form 1040, lines 23 through 32, and any write-in adjustments you entered on the dotted line next to line 36. Form 1040A filers: Enter the amounts from Form 1040A, lines 16 and 17 ..... 7. \_\_\_\_\_
8. Is the amount on line 7 less than the amount on line 6?
No. (STOP) None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b.
Yes. Subtract line 7 from line 6 ..... 8. \_\_\_\_\_
9. If you are:
• Married filing jointly, enter \$32,000
• Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2008, enter \$25,000 ..... 9. \_\_\_\_\_
Note. If you are married filing separately and you lived with your spouse at any time in 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.
10. Is the amount on line 9 less than the amount on line 8?
No. (STOP) None of your benefits are taxable. Enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b. If you are married filing separately and you lived apart from your spouse for all of 2008, be sure you entered "D" to the right of the word "benefits" on Form 1040, line 20a, or on Form 1040A, line 14a.
Yes. Subtract line 9 from line 8 ..... 10. \_\_\_\_\_
11. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of 2008 ..... 11. \_\_\_\_\_
12. Subtract line 11 from line 10. If zero or less, enter -0- ..... 12. \_\_\_\_\_
13. Enter the smaller of line 10 or line 11 ..... 13. \_\_\_\_\_
14. Enter one-half of line 13 ..... 14. \_\_\_\_\_
15. Enter the smaller of line 2 or line 14 ..... 15. \_\_\_\_\_
16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0- ..... 16. \_\_\_\_\_
17. Add lines 15 and 16 ..... 17. \_\_\_\_\_
18. Multiply line 1 by 85% (.85) ..... 18. \_\_\_\_\_
19. Taxable benefits. Enter the smaller of line 17 or line 18. Also enter this amount on Form 1040, line 20b, or Form 1040A, line 14b ..... 19. \_\_\_\_\_



If you received a lump-sum payment in 2008 that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see if you can report a lower taxable benefit.





Worksheet 2. **Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year After 1993)**

Enter earlier year \_\_\_\_\_

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for the earlier year, plus the lump-sum payment for the earlier year received after that year . . . . . **1.** \_\_\_\_\_  
**Note.** If line 1 is zero or less, skip lines 2 through 20 and enter -0- on line 21. Otherwise, go on to line 2.

2. Enter one-half of line 1 . . . . . **2.** \_\_\_\_\_

3. Enter your adjusted gross income for the earlier year . . . . . **3.** \_\_\_\_\_

4. Enter the total of any exclusions/adjustments you claimed in the earlier year for:

- Adoption benefits (Form 8839)
- Qualified U.S. savings bond interest (Form 8815)
- Student loan interest (Form 1040, page 1, or Form 1040A, page 1)
- Tuition and fees (Form 1040, page 1, or Form 1040A, page 1)
- Domestic production activities (for 2005 through 2007) (Form 1040, page 1)
- Foreign earned income or housing (Form 2555 or Form 2555-EZ)
- Certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico . . . . . **4.** \_\_\_\_\_

5. Enter any tax-exempt interest received in the earlier year . . . . . **5.** \_\_\_\_\_

6. Add lines 2 through 5 . . . . . **6.** \_\_\_\_\_

7. Enter your taxable benefits for the earlier year . . . . . **7.** \_\_\_\_\_

8. Subtract line 7 from line 6 . . . . . **8.** \_\_\_\_\_

9. If, for the earlier year, you were:

- Married filing jointly, enter \$32,000
- Single, head of household, qualifying widow(er), married filing separately and you lived apart from your spouse for all of the earlier year, enter \$25,000 . . . . . **9.** \_\_\_\_\_

**Note.** If you were married filing separately and you lived with your spouse at any time during the earlier year, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then go to line 18.

10. Is the amount on line 8 more than the amount on line 9?  
**No.** Skip lines 10 through 20 and enter -0- on line 21.  
**Yes.** Subtract line 9 from line 8 . . . . . **10.** \_\_\_\_\_

11. Enter \$12,000 if married filing jointly for the earlier year; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of the earlier year . . . . . **11.** \_\_\_\_\_

12. Subtract line 11 from line 10. If zero or less, enter -0- . . . . . **12.** \_\_\_\_\_

13. Enter the **smaller** of line 10 or line 11 . . . . . **13.** \_\_\_\_\_

14. Enter one-half of line 13 . . . . . **14.** \_\_\_\_\_

15. Enter the **smaller** of line 2 or line 14 . . . . . **15.** \_\_\_\_\_

16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0- . . . . . **16.** \_\_\_\_\_

17. Add lines 15 and 16 . . . . . **17.** \_\_\_\_\_

18. Multiply line 1 by 85% (.85) . . . . . **18.** \_\_\_\_\_

19. **Refigured taxable benefits.** Enter the **smaller** of line 17 or line 18 . . . . . **19.** \_\_\_\_\_

20. Enter your taxable benefits for the earlier year (or as refigured due to a previous lump-sum payment for the year) **20.** \_\_\_\_\_

21. **Additional taxable benefits.** Subtract line 20 from line 19. Also enter this amount on Worksheet 4, line 20 . . . . . **21.** \_\_\_\_\_



*Do not file an amended return for this earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received a lump-sum payment in 2008.*



Worksheet 3. **Figure Your Additional Taxable Benefits (From a Lump-Sum Payment for a Year Before 1994)**

Enter earlier year \_\_\_\_\_

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for the earlier year, plus the lump-sum payment for the earlier year received after that year . . . . .	1. _____
<b>Note.</b> If line 1 is zero or less, skip lines 2 through 13 and enter -0- on line 14. Otherwise, go on to line 2.	
2. Enter one-half of line 1 . . . . .	2. _____
3. Enter your adjusted gross income for the earlier year . . . . .	3. _____
4. Enter the total of any exclusions/adjustments you claimed in the earlier year for:	
• Qualified U.S. savings bond interest (Form 8815)	
• Foreign earned income or housing (Form 2555 or Form 2555-EZ)	
• Certain income of bona fide residents of American Samoa (Form 4563) or Puerto Rico . . . . .	4. _____
5. Enter any tax-exempt interest received in the earlier year . . . . .	5. _____
6. Add lines 2 through 5 . . . . .	6. _____
7. Enter your taxable benefits for the earlier year . . . . .	7. _____
8. Subtract line 7 from line 6 . . . . .	8. _____
9. Enter \$25,000 (\$32,000 if married filing jointly for the earlier year; \$0 if married filing separately for the earlier year and you lived with your spouse at any time during the earlier year) . . . . .	9. _____
10. Is the amount on line 8 more than the amount on line 9?	
<b>No.</b> Skip lines 10 through 13 and enter -0- on line 14.	
<b>Yes.</b> Subtract line 9 from line 8. . . . .	10. _____
11. Enter one-half of line 10 . . . . .	11. _____
12. <b>Refigured taxable benefits.</b> Enter the <b>smaller</b> of line 2 or line 11 . . . . .	12. _____
13. Enter your taxable benefits for the earlier year (or as refigured due to a previous lump-sum payment for the year) . . . . .	13. _____
14. <b>Additional taxable benefits.</b> Subtract line 13 from line 12. Also enter this amount on Worksheet 4, line 20 . . . . .	14. _____



*Do not file an amended return for this earlier year. Complete a separate Worksheet 2 or Worksheet 3 for each earlier year for which you received a lump-sum payment in 2008.*



Worksheet 4. **Figure Your Taxable Benefits Under the Lump-Sum Election Method**  
(Use With Worksheet 2 or 3)

Complete Worksheet 1 and Worksheets 2 and 3 as appropriate before completing this worksheet.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099 for 2008, minus the lump-sum payment for years before 2008 ..... 1. \_\_\_\_\_  
**Note.** If line 1 is zero or less, skip lines 2 through 18, enter -0- on line 19 and go to line 20. Otherwise, go on to line 2.
  2. Enter one-half of line 1 ..... 2. \_\_\_\_\_
  3. Enter the amount from Worksheet 1, line 3 ..... 3. \_\_\_\_\_
  4. Enter the amount from Worksheet 1, line 4 ..... 4. \_\_\_\_\_
  5. Enter the amount from Worksheet 1, line 5 ..... 5. \_\_\_\_\_
  6. Add lines 2, 3, 4, and 5 ..... 6. \_\_\_\_\_
  7. Enter the amount from Worksheet 1, line 7 ..... 7. \_\_\_\_\_
  8. Subtract line 7 from line 6 ..... 8. \_\_\_\_\_
  9. Enter the amount from Worksheet 1, line 9. But if you are married filing separately and lived with your spouse at any time during 2008, skip lines 9 through 16; multiply line 8 by 85% (.85) and enter the result on line 17. Then, go to line 18 ..... 9. \_\_\_\_\_
  10. Is the amount on line 8 more than the amount on line 9?  
**No.** Skip lines 10 through 18, enter -0- on line 19, and go to line 20.  
**Yes.** Subtract line 9 from line 8 ..... 10. \_\_\_\_\_
  11. Enter the amount from Worksheet 1, line 11 ..... 11. \_\_\_\_\_
  12. Subtract line 11 from line 10. If zero or less, enter -0- ..... 12. \_\_\_\_\_
  13. Enter the **smaller** of line 10 or line 11 ..... 13. \_\_\_\_\_
  14. Enter one-half of line 13 ..... 14. \_\_\_\_\_
  15. Enter the **smaller** of line 2 or line 14 ..... 15. \_\_\_\_\_
  16. Multiply line 12 by 85% (.85). If line 12 is zero, enter -0- ..... 16. \_\_\_\_\_
  17. Add lines 15 and 16 ..... 17. \_\_\_\_\_
  18. Multiply line 1 by 85% (.85) ..... 18. \_\_\_\_\_
  19. Enter the **smaller** of line 17 or line 18 ..... 19. \_\_\_\_\_
  20. Enter the total of the amounts from Worksheet 2, line 21, and Worksheet 3, line 14, for all earlier years for which the lump-sum payment was received ..... 20. \_\_\_\_\_
  21. **Taxable benefits under lump-sum election method.** Add lines 19 and 20 ..... 21. \_\_\_\_\_
- Next.** Is line 21 above smaller than Worksheet 1, line 19?  
**No.** Do not use this method to figure your taxable benefits. Follow the instructions on Worksheet 1 to report your benefits.  
**Yes.** You can elect to report your taxable benefits under this method. **To elect this method:**
1. Enter "LSE" to the left of Form 1040, line 20a, or Form 1040A, line 14a.
  2. If line 21 above is zero, follow the instructions in line 10 for "No" on Worksheet 1. Otherwise:
    - a. Enter the amount from Worksheet 1, line 1 on Form 1040, line 20a, or on Form 1040A, line 14a.
    - b. Enter the amount from line 21 above on Form 1040, line 20b, or on 1040A, line 14b.
    - c. If you are married filing separately and you **lived apart** from your spouse for all of 2008, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.

## Appendix

This appendix explains items shown on Form SSA-1099 and Form RRB-1099. Forms SSA-1042S and RRB-1042S, for nonresident aliens, contain the same items plus a few additional ones. These are also explained.



*The illustrated versions of Forms SSA-1099, SSA-1042S, RRB-1099, and RRB-1042S in this appendix are proof copies of the forms as they appeared when this publication went to print. The information on the illustrated forms should be essentially the same as the information on the form you received from either the SSA or the RRB. You should, however, compare the form you received with the one shown in this publication to note any differences.*

### Form SSA-1099

Every person who received social security benefits will receive a Form SSA-1099. If you receive benefits on more than one social security record, you may get more than one Form SSA-1099. IRS Notice 703 will be enclosed with this form. It contains a worksheet to help you figure if any of

your benefits are taxable. Do not mail Notice 703 to either the IRS or the SSA.

#### Box 1—Name

The name shown in this box refers to the person for whom the social security benefits shown on the statement were paid. If you received benefits for yourself, your name will be shown.

#### Box 2—Beneficiary's Social Security Number

This is the U.S. social security number, if known, of the person named in box 1.



*In all your correspondence with the SSA, be sure to use the claim number shown in box 8.*

#### Box 3—Benefits Paid in 2008

The figure shown in this box is the total benefits paid in 2008 to you (the person named in box 1). This figure may

### FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

<b>2008</b> • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name		Box 2. Beneficiary's Social Security Number
Box 3. Benefits Paid in 2008	Box 4. Benefits Repaid to SSA in 2008	Box 5. Net Benefits for 2008 (Box 3 minus Box 4)
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
<div style="font-size: 4em; opacity: 0.3; transform: rotate(-45deg); position: absolute; top: 50%; left: 50%;">SAMPLE</div>		Box 6. Voluntary Federal Income Tax Withholding
		Box 7. Address
		Box 8. Claim Number (Use this number if you need to contact SSA.)

not agree with the amounts you actually received because adjustments may have been made to your benefits before you received them. An asterisk (\*) after the figure shown in this box means that it includes benefits received in 2008 for one or more earlier years.

### Description of Amount in Box 3

This part of the form describes the items included in the amount shown in box 3. It lists the benefits paid and any adjustments made. Only the adjustments that apply to you will be shown. If no adjustments were made to the benefits paid, the word "none" will be shown.

**Paid by check or direct deposit.** This is the amount you actually received or that was deposited directly into your account in a financial institution in 2008.

**Additions.** The following adjustment items may have been deducted from your benefits in 2008. If amounts appear on your Form SSA-1099 next to these items, they will be added to the amount shown in "Paid by check or direct deposit."



*Do not reduce the amount of net social security benefits (box 5) by any of the items listed below. Use the amount in box 5 to figure taxable social security.*

**Medicare premiums deducted from your benefit.** If you have Medicare premiums deducted from your benefits, this is the amount withheld during 2008. The basic monthly premium in 2008 was \$96.40, but it could be higher if you enrolled after you were first eligible, you had a break in coverage, or the modified adjusted gross income shown on your 2006 federal income tax return is greater than \$82,000.

Medicare Part C, Medicare Advantage Premium, and Medicare Part D, Prescription Drug Premium, are other Medicare deductions you may have. These premiums may vary.

**Workers' compensation offset.** If you are disabled and receive workers' compensation or Part C Black Lung payments, your benefits are subject to a payment limit. An entry will be shown here if your benefits were reduced to stay within this limit. An entry will also be shown here if your benefits were reduced because the person on whose social security record you were paid is disabled and also received workers' compensation or Part C Black Lung payments.

**Paid to another family member.** This entry shows total payments withheld from your benefits if you are required to pay child support or alimony.

**Deductions for work or other adjustments.** Amounts withheld from your benefits because of work or to recover an overpayment of any type of benefit are benefits paid to you and will be shown here. They also may be treated as benefits repaid to SSA and included in the amount in box 4.

**Attorney fees.** If you had an attorney handle your social security claim, the figure shown here is the fee withheld from your benefits and paid directly to your attorney.

**Voluntary federal income tax withheld.** This shows the total amount of federal income tax withheld from your benefits. Include this amount on your income tax return as tax withheld.

**Benefit payment offset—Treasury.** Part of your Title II Social Security benefit may be withheld on behalf of the Treasury Department to recover debts you owe to other federal agencies.

**Total additions.** The figure shown here is the sum of the amounts paid by check or direct deposit plus all the additions described previously.

**Subtractions.** The following adjustment items may have been included in the payments you received in 2008. If amounts appear on your Form SSA-1099 next to these items, they will be subtracted from the figure in *Total Additions*.

**Payments for months before December 1983.** The figure shown here is the amount of benefits you received in 2008 that was for months before December 1983. These benefits are not taxable no matter when they are paid.

**Lump-sum death payment.** The lump-sum death payment is not subject to tax. An entry here means you received this kind of payment in 2008.

**Amounts refunded to you.** The amount shown here may include Medicare premiums you paid in excess of the amount actually due. It also may include amounts withheld in 2008 to pay your attorney in excess of the fee actually paid.

**Nontaxable payments.** This entry shows nontaxable payments such as lump-sum death payments.

**Amounts paid to you for other family members.** This entry shows benefit payments paid to you on behalf of a minor child or disabled adult.

**Total subtractions.** The figure shown here is the sum of all the subtractions described previously.

**Benefits for 2008.** The amount shown here is the result of subtracting the figure in *Total subtractions* from the figure in *Total additions*. This amount is the same as that shown in box 3.

**\*Box 3 includes \$\_\_\_\_\_ paid in 2008 for 2007, 2006, and other tax years.** The figure shown here is the amount of any lump-sum benefit payment received in 2008 that is for an earlier year after 1983. See *Lump-Sum Election*, earlier, for a full discussion on how these payments are handled.

### Box 4—Benefits Repaid to SSA in 2008

The figure shown in this box is the total amount of benefits you repaid to SSA in 2008.

## Description of Amount in Box 4

This part of the form describes the items included in the amount shown in box 4. It lists the amount of benefit checks you returned to SSA and any adjustments for other types of repayments. The amounts listed include all amounts repaid in 2008, no matter when the benefits were received. Only the repayments that apply to you will be shown. If you did not make any repayments, the word "none" will be shown.

**Checks returned to SSA.** If any of your benefit checks were returned to SSA, the total is shown here.

**Deductions for work or other adjustments.** If any amounts were withheld from your benefits because of work or to recover an overpayment of retirement, survivors, or disability benefits, the total will be shown here. This may also be shown as *Deductions for work or other adjustments* under *Description of Amount in Box 3*.

**Other repayments.** This is the amount you repaid to SSA by direct remittance.

**Benefits repaid to SSA in 2008.** The amount shown here is the sum of all your repayments. This total is the same as that shown in box 4.

## Box 5—Net Benefits for 2008 (*Box 3 minus Box 4*)

The figure in this box is the net benefits paid to you for the year. It is the result of subtracting the figure in box 4 from the figure in box 3. Enter this amount on line A of IRS Notice 703, or on line 1 of Worksheet 1, shown earlier, or on the worksheet in either the Form 1040 or 1040A instruction package.

If parentheses are around the figure in box 5, it means that the figure in box 4 is larger than the figure in box 3. This is a negative figure and means you repaid more money than you received in 2008. If you have any questions about this negative figure, contact your local SSA office. For more information, see *Repayments More Than Gross Benefits*, earlier.

## Box 6—Voluntary Federal Income Tax Withheld

This shows the total amount of federal income tax withheld from your benefits. Include this amount on your income tax return as tax withheld.

### FORM SSA-1042S – SOCIAL SECURITY BENEFIT STATEMENT

# 2008

- THIS FORM IS FOR USE IN FILING A UNITED STATES FEDERAL INCOME TAX RETURN.
- DO NOT RETURN IT TO SOCIAL SECURITY. READ THE INFORMATION ON THE REVERSE.

Box 1. Name

Box 2. Beneficiary's Social Security Number

Box 3. Benefits Paid in 2008

Box 4. Benefits Repaid to SSA in 2008

Box 5. Net Benefits for 2008 (*Box 3 minus Box 4*)

DESCRIPTION OF AMOUNT IN BOX 3

DESCRIPTION OF AMOUNT IN BOX 4

SAMPLE

Box 6. Rate of Tax

Box 7. Amount of Tax Withheld

Box 8. Amount of Tax Refunded

Box 9. Net Tax Withheld During 2008 (*Box 7 minus Box 8*)

Box 10. Address

Box 11. Claim Number (*Use this number if you need to contact SSA.*)

Form SSA-1042S-SM (1-2009)

## Form SSA-1042S (Nonresident Aliens)

This form is for nonresident aliens. It contains the following four additional items that do not appear on Form SSA-1099.

### Box 6—Rate of Tax

This is the rate at which tax was withheld from 85% of your benefits. If tax was withheld at more than one rate during the year, the percentage shown will be the tax rate in December 2008. The tax rate for most nonresident aliens is 30%. If you are a resident of Switzerland, your total benefit amount will be taxed at a 15% rate. The figure “0” will appear in this box if you were not taxed in December or if you were exempt under a tax treaty. Benefits received by residents of Canada, Egypt, Germany, Ireland, Israel, Italy, Japan, Romania, and the United Kingdom are exempt from U.S. tax.

Under a treaty with India, benefits paid to individuals who are both residents and nationals of India are exempt from U.S. tax if the benefits are for services performed for the United States, its subdivisions, or local government authorities. See Publication 519 for more information on nonresident aliens.

### Box 7—Amount of Tax Withheld

This is the amount of tax taken out of your social security checks. Tax is withheld for any month in which you were a nonresident alien (unless you were exempt under a tax treaty).

### Box 8—Amount of Tax Refunded

An amount in this block shows any tax SSA refunded to you. When SSA withholds tax from your checks by mistake, they try to return it to you during the same calendar year. If SSA is unable to send the refund to you before the year ends, you must file a federal income tax return to get a refund of this tax.

### Box 9—Net Tax Withheld During 2008

The figure in this box is the result of subtracting the figure in box 8 from the figure in box 7. This is the net amount of tax withheld from your benefits.

## Form RRB-1099

This section explains the items shown on Form RRB-1099. Form RRB-1099 is issued to citizens and residents of the United States. If you received, repaid, or had tax withheld from the social security equivalent benefit (SSEB) portion of tier 1 railroad retirement benefits or special guaranty benefits during 2008, you will receive Form RRB-1099.

If you received, repaid, or had tax withheld from any non-social security equivalent benefit (NSSEB) portion of

tier 1, tier 2, vested dual benefits or supplemental annuity benefits during 2008, you will receive Form RRB-1099-R, Annuities or Pensions by the Railroad Retirement Board. For more information concerning Form RRB-1099-R, see Publication 575.



*Each beneficiary will receive his or her own Form RRB-1099. If you receive benefits on more than one railroad retirement record, you may get more than one Form RRB-1099. To help insure that you get your form timely, make sure the RRB always has your current mailing address.*

### Box 1—Claim Number and Payee Code

Your RRB claim number is a six- or nine-digit number preceded by an alphabetical prefix and is the number under which the SSEB portion of tier 1 benefits was paid. Your payee code is the number following your claim number and is used by the RRB to identify you under your claim number. In all your contacts with the RRB, be sure to use the claim number and payee code shown in this box.

### Box 2—Recipient’s Identification Number

This is the U.S. social security number (SSN), individual taxpayer identification number (ITIN), or employer identification number (EIN), if known, for the person or estate listed as the recipient.

### Box 3—Gross Social Security Equivalent Benefit Portion of Tier 1 Paid in 2008

The figure shown in this box is the gross SSEB portion of tier 1 benefits or special guaranty benefits paid to you in 2008. It is the amount before any deductions were made for:

- Federal income tax withholding,
- Medicare premiums,
- Legal Process Garnishment payments,
- Overall minimum assignment payments,
- Recovery of an overpayment, including recovery of Railroad Unemployment Insurance Act benefits received while awaiting payment of your railroad retirement annuity, and
- Workers’ compensation offset (explained in the description of box 6, later).

The figure in box 3 is the amount after any deductions were made for:

- Social security benefits,
- Age reduction,
- Public service pensions or public disability benefits,
- Dual railroad retirement entitlement under another RRB claim number,

UNFOLD TO SEE ALL TAX STATEMENT FORMS - SEE REVERSE SIDE FOR GENERAL INFORMATION

PAYER'S NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE <b>UNITED STATES RAILROAD RETIREMENT BOARD</b> 844 N RUSH ST CHICAGO IL 60611-2092		<b>2008</b>		PAYMENTS BY THE RAILROAD RETIREMENT BOARD	
PAYER'S FEDERAL IDENTIFYING NO. 36-3314600		3. Gross Social Security Equivalent Benefit Portion of Tier 1 Paid in 2008			
1. Claim Number and Payee Code		4. Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 2008			
2. Recipient's Identification Number		5. Net Social Security Equivalent Benefit Portion of Tier 1 Paid in 2008			
Recipient's Name, Street Address, City, State, and Zip Code		6. Workers' Compensation Offset in 2008			
		7. Social Security Equivalent Benefit Portion of Tier 1 Paid for 2007			
		8. Social Security Equivalent Benefit Portion of Tier 1 Paid for 2006			
		9. Social Security Equivalent Benefit Portion of Tier 1 Paid for Years Prior to 2006			
		10. Federal Income Tax Withheld		11. Medicare Premium Total	

**COPY C -**  
FOR RECIPIENT'S RECORDS  
  
THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.

**FORM RRB-1099**

**DO NOT ATTACH TO YOUR INCOME TAX RETURN**

- Work deductions,
- Actuarial adjustment,
- Annuity waiver, and
- Legal Process Partition payments.



*Social security benefits paid through the RRB are not reported on Form RRB-1099 or RRB-1042S. They are reported on Form SSA-1099 or Form SSA-1042S issued by the SSA.*

**Example 1.** For the period January through March 2008, you received \$300 (\$100 x 3 months) Railroad Unemployment Insurance. You were eligible for the SSEB portion of tier 1 benefits of \$509 a month beginning January 1, 2008, but you did not receive your first payment until April 2008. The payment you received in April was for the first three months of 2008. However, because you received unemployment benefits during the same period, \$300 was deducted from your initial benefit payment. Instead of receiving \$1,527 (\$509 x 3 months), you received \$1,227 (\$1,527 - \$300). For the months of April through November, you were paid your regular monthly SSEB portion of tier 1 benefits of \$509. Box 3 of your Form RRB-1099 will show \$5,599 (\$509 x 11 months) as the gross SSEB portion of tier 1 benefits paid to you in 2008, even though you did not actually receive that amount. This is because box 3 shows the gross amount of your benefits before any reductions were made for the unemployment benefits paid to you.

**Example 2.** You received tier 1 benefits of \$600 a month for the months of December 2007 through May 2008. Your \$600 monthly tier 1 benefits consist of an SSEB portion of \$250 and a non-social security equivalent benefit (NSSEB) portion of \$350. Beginning in June 2008, you became entitled to Medicare, and \$96.40 a month was deducted from your benefit checks for Medicare premiums. Therefore, the tier 1 payments you received for the

rest of the year were \$503.60 (\$600 - \$96.40) a month. Box 3 of your Form RRB-1099 will show the gross SSEB portion of tier 1 benefits of \$3,000 (\$250 x 12 months), because it is the gross SSEB amount before deductions for your Medicare premiums. Box 11 of your Form RRB-1099 will show your Medicare premiums of \$578.40 (\$96.40 x 6 months) deducted from June through November 2008. The remainder of your tier 1 payments, the NSSEB portion of \$4,200 (\$350 x 12 months), will be shown on the Form RRB-1099-R that you will receive along with your Form RRB-1099. The \$4,200 is the gross NSSEB amount before deductions for your Medicare premiums. (The *Medicare Premium Total* box shown on your Form RRB-1099-R will be blank because the Medicare total will be shown in box 11 of your Form RRB-1099.) For more information on Form RRB-1099-R, see Publication 575.

**Benefits paid for earlier years.** The figure in box 3 includes any lump-sum benefit payment you received in 2008 that is for an earlier year after 1983. If you received a payment for an earlier year, it will be shown in box 7, 8, or 9 (described later). See *Lump-Sum Election*, earlier, for information on how to treat the payment.

**Box 4—Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 2008**

The figure shown in this box is the total SSEB portion of tier 1 benefits you repaid to the RRB in 2008. You may have repaid a benefit by returning a payment, making a cash refund, or having an amount withheld from your payments. In addition, an amount may have been withheld from your benefits to recover the SSEB overpayment incurred by someone else who is also receiving benefits under your claim number. Also, an amount may have been withheld from another benefit, such as a social security benefit, to recover an SSEB overpayment you received.

The amount in box 4 also includes any SSEB benefits you repaid in 2008 that were for 2008 or for one or more



years before 2008. All tier 1 repayments for years before 1986 are treated entirely as SSEB benefits.

**Example 1.** You returned to work for your last railroad employer for the months of June through August 2008. The SSEB portion of your tier 1 benefits was \$450 for each of those months. Since you are not allowed to receive benefits for any month you returned to railroad service, you have to make a repayment to the RRB. You returned the benefit payment for June through August 2008. Box 4 of your Form RRB-1099 will show \$1,350 ( $\$450 \times 3$  months) as the SSEB portion of tier 1 benefits you repaid to the RRB.

**Example 2.** From January through April 2008 you were overpaid \$800 in the SSEB portion of tier 1 benefits. From May through August 2008, \$200 a month was withheld from your benefit payment to fully recover the \$800 overpayment. Box 4 of your Form RRB-1099 will show \$800 ( $\$200 \times 4$  months) as the SSEB portion of tier 1 benefits you repaid to the RRB.

**Example 3.** As a retired railroad employee, you have been receiving a railroad retirement annuity, including an SSEB portion of tier 1 benefits, since 2007. You also became entitled to, and received from the SSA, a social security benefit of \$300 a month beginning May 1, 2008. SSA later authorized the RRB to pay that benefit. In August 2008, the RRB began paying your social security benefit to you and reduced the SSEB portion of your monthly tier 1 benefit by \$300. Social security benefits of \$900 ( $\$300 \times 3$  months) covering the period May through July 2008 were kept by the RRB to offset your \$900 SSEB overpayment for that same period. Box 4 of your Form RRB-1099 will show \$900 as the SSEB portion of tier 1 benefits you repaid to the RRB. (**Note.** SSA will send you Form SSA-1099, which will include the \$900 in benefits paid by them for the months of May through July 2008.)

### Box 5—Net Social Security Equivalent Benefit Portion of Tier 1 Paid in 2008

The figure shown in this box is the net amount of the SSEB portion of tier 1 benefits paid to you in 2008. It is the result of subtracting the amount in box 4 from the amount in box 3. If you received more than one Form RRB-1099 for 2008, you should add the amounts in box 5 of all Forms RRB-1099 to determine your net amount of SSEB payments for 2008. Use this amount to determine if any of your benefits are taxable. See *Are Any of Your Benefits Taxable*, earlier.

If parentheses are around the figure in box 5, it means that the figure in box 4 is larger than the figure in box 3. This is a negative figure and means you repaid more money than you received in 2008. For more information, see *Repayments More Than Gross Benefits*, earlier.

### Box 6—Workers' Compensation Offset in 2008

The figure shown in this box is the amount you received in workers' compensation benefits during the year that was used to offset the full amount of your tier 1 payments. The SSEB portions of your tier 1 benefits shown in boxes 3 and 5 include amounts by which your SSEB payments were reduced for workers' compensation benefits. Your workers' compensation amount is shown in this box separately only for your information. If you did not receive workers' compensation benefits, box 6 is blank.

**Example.** For 2008, your tier 1 benefit of \$450 a month is reduced to \$400 because of a \$50-a-month workers' compensation offset. Boxes 3 and 5 of your Form RRB-1099 will show \$5,400 ( $\$450 \times 12$  months) as the SSEB portion of tier 1 benefits paid to you by the RRB. The \$5,400 is the amount before any deductions were made for the workers' compensation offset. Box 4 will show zero because you did not make any repayments during the year. Box 6 of your form will show \$600 ( $\$50$  workers' compensation  $\times 12$  months). In figuring if any of your benefits are taxable, you must use \$5,400 (box 5) as the amount of the SSEB portion of tier 1 benefits paid to you.

### Boxes 7 and 8—Social Security Equivalent Benefit Portion of Tier 1 Paid for 2007 or 2006

The figure shown in each applicable box is the amount of SSEB benefits paid to you in 2008 that was for 2007 or 2006. This amount is included in the amount shown in box 3.

### Box 9—Social Security Equivalent Benefit Portion of Tier 1 Paid for Years Prior to 2006

The figure shown in this box is the amount of SSEB benefits paid to you in 2008 that was for 2005 and earlier years after 1983. This amount is included in the amount shown in box 3. Any tier 1 benefit paid for a period before 1986 is treated as SSEB.

### Box 10—Federal Income Tax Withheld

The figure shown in this box is the total amount of U.S. federal income tax withheld on your tier 1 SSEB payments. This total is based on the amount of SSEB tax withholding requested on IRS Form W-4V, Voluntary Withholding Request. Include this amount on your income tax return as tax withheld.



*In some cases, a tax withholding amount may be shown in this box even though you did not request SSEB tax withholding. This can happen if you previously had taxes withheld from your pension payments (NSSEB, tier 2, and/or vested dual benefit), but the taxability of those payments has since changed. In these*

cases, the tax withholding amount is applied to the SSEB since that is your only taxable component.

### Box 11—Medicare Premium Total

This is for information purposes only. This is the total amount of Part B Medicare premiums deducted from your railroad retirement annuity payments shown on your Form RRB-1099 for 2008. Medicare premium refunds are not included in this total. The Medicare total is normally shown on Form RRB-1099. However, if Form RRB-1099 is not required for your 2008 taxes, then this total will be shown on Form RRB-1099-R. Medicare premiums deducted from your social security benefits, paid by a third party, or paid by direct billing will not be shown in this box.

### Form RRB-1042S (Nonresident Aliens)

This form is for nonresident aliens. It contains the following four additional items that do not appear on Form RRB-1099.

**Note.** If your country of legal residence changed or your tax withholding rate changed during the year, you may receive more than one Form RRB-1042S. To determine your total amounts for the year, you should add the amounts shown on all Forms RRB-1042S you received for that year.

### Box 10—Country

The country where you maintain your legal residence is shown in this box. If you maintained legal residence in more than one country during the year, you will receive a separate Form RRB-1042S for each country of legal residence during the year.

### Box 11—Rate of Tax

The figure in this box is the rate at which tax was withheld from 85% of the SSEB portion of tier 1 payments you received. If tax was withheld at more than one rate during the year, you will receive a separate Form RRB-1042S for each rate change during the year. The tax rate for most nonresident aliens is 30%. The figure "0%" or "15%" may appear in this box if you claimed a tax treaty exemption by filing Form RRB-1001 with the RRB. For more information, see *Nonresident aliens* earlier under *Are Any of Your Benefits Taxable*.

### Box 12—Federal Tax Withheld

The figure in this box is the total amount of U.S. federal income tax withheld from the SSEB portion of your tier 1 payments while you were a legal resident of the country in box 10 in 2008. If you received more than one Form RRB-1042S for 2008, add the amounts in box 12 of all Forms RRB-1042S to determine your total amount of U.S. federal income tax withheld from SSEB payments for 2008. Tax is withheld for any month in which you were a nonresident alien (unless you claimed exemption under a tax treaty).

### Box 13—Medicare Premium Total

This is for information purposes. This is the total amount of Part B Medicare premiums deducted from your railroad retirement annuity payments shown on your Form RRB-1042S for 2008. Medicare premium refunds are not included in this total. The Medicare total is normally shown on Form RRB-1042S. However, if Form RRB-1042S is not required for your 2008 taxes, then this total will be shown on Form RRB-1099-R. Medicare premiums deducted from your social security benefits, paid by a third party, or paid by direct billing will not be shown in this box.

PAYER'S NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE <b>UNITED STATES RAILROAD RETIREMENT BOARD</b> 844 N RUSH ST CHICAGO IL 60611-2092		<b>2008</b>		STATEMENT FOR NONRESIDENT ALIEN RECIPIENTS OF:		PAYMENTS BY THE RAILROAD RETIREMENT BOARD	
PAYER'S FEDERAL IDENTIFYING NO. 36-3314600		3. Gross Social Security Equivalent Benefit Portion of Tier 1 Paid in 2008				<b>COPY B -</b>  FILE WITH RECIPIENT'S FEDERAL TAX RETURN.  THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.	
1. Claim Number and Payee Code		4. Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in 2008					
2. Recipient's Identification Number		5. Net Social Security Equivalent Benefit Portion of Tier 1 Paid in 2008					
Recipient's Name, Street Address, City, State, and Zip Code		6. Workers' Compensation Offset in 2008					
		7. Social Security Equivalent Benefit Portion of Tier 1 Paid in 2007					
		8. Social Security Equivalent Benefit Portion of Tier 1 Paid for 2006					
		9. Social Security Equivalent Benefit Portion of Tier 1 Paid for Years Prior to 2006					
		10. Country	11. Rate of Tax	12. Federal Tax Withheld	13. Medicare Premium Total		

**FORM RRB-1042S**



**TIP** You should contact your nearest RRB field office (if you reside in the United States) or U.S. consulate/embassy (if you reside outside of the United States) for assistance with your RRB tax statement inquiries. If you are in the United States or Canada, you can call the RRB toll free at 1-800-808-0772. You can also visit the RRB on the Internet at [www.rrb.gov](http://www.rrb.gov). If you have any questions about how to figure your taxable payments or what amounts to show on your income tax returns, contact the IRS.

## How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

**Contacting your Taxpayer Advocate.** The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.

You can contact the TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059 to see if you are eligible for assistance. You can also call or write your local taxpayer advocate, whose phone number and address are listed in your local telephone directory and in Publication 1546, Taxpayer Advocate Service—Your Voice at the IRS. You can file Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), or ask an IRS employee to complete it on your behalf. For more information, go to [www.irs.gov/advocate](http://www.irs.gov/advocate).

**Low Income Taxpayer Clinics (LITCs).** LITCs are independent organizations that provide low income taxpayers with representation in federal tax controversies with the IRS for free or for a nominal charge. The clinics also provide tax education and outreach for taxpayers who speak English as a second language. Publication 4134, Low Income Taxpayer Clinic List, provides information on clinics in your area. It is available at [www.irs.gov](http://www.irs.gov) or your local IRS office.

**Free tax services.** To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains lists of free tax information sources, including publications, services, and free tax education and assistance programs. It also has an index of over 100 TeleTax topics (recorded tax information) you can listen to on your telephone.

Accessible versions of IRS published products are available on request in a variety of alternative formats for people with disabilities.

**Free help with your return.** Free help in preparing your return is available nationwide from IRS-trained volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 and older with their tax returns. Many VITA sites offer free electronic filing and all volunteers will let you know about credits and deductions you may be entitled to claim. To find the nearest VITA or TCE site, call 1-800-829-1040.

As part of the TCE program, AARP offers the Tax-Aide counseling program. To find the nearest AARP Tax-Aide site, call 1-888-227-7669 or visit AARP's website at [www.aarp.org/money/taxaide](http://www.aarp.org/money/taxaide).

For more information on these programs, go to [www.irs.gov](http://www.irs.gov) and enter keyword "VITA" in the upper right-hand corner.



**Internet.** You can access the IRS website at [www.irs.gov](http://www.irs.gov) 24 hours a day, 7 days a week to:

- *E-file* your return. Find out about commercial tax preparation and *e-file* services available free to eligible taxpayers.
- Check the status of your 2008 refund. Go to [www.irs.gov](http://www.irs.gov) and click on *Where's My Refund*. Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2008 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using the withholding calculator online at [www.irs.gov/individuals](http://www.irs.gov/individuals).
- Determine if Form 6251 must be filed by using our Alternative Minimum Tax (AMT) Assistant.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.



**Phone.** Many services are available by phone.

- **Ordering forms, instructions, and publications.** Call 1-800-829-3676 to order current-year forms, instructions, and publications, and prior-year forms and instructions. You should receive your order within 10 days.
- **Asking tax questions.** Call the IRS with your tax questions at 1-800-829-1040.
- **Solving problems.** You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to [www.irs.gov/localcontacts](http://www.irs.gov/localcontacts) or look in the phone book under *United States Government, Internal Revenue Service*.
- **TTY/TDD equipment.** If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- **TeleTax topics.** Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- **Refund information.** To check the status of your 2008 refund, call 1-800-829-1954 during business hours or 1-800-829-4477 (automated refund information 24 hours a day, 7 days a week). Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2008 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund. Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.
- **Other refund information.** To check the status of a prior year refund or amended return refund, call 1-800-829-1954.

**Evaluating the quality of our telephone services.** To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random telephone calls. Another is to ask some callers to complete a short survey at the end of the call.



**Walk-in.** Many products and services are available on a walk-in basis.

- **Products.** You can walk in to many post offices, libraries, and IRS offices to pick up certain forms,

instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.

- **Services.** You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you are more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary—just walk in. If you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. If you have an ongoing, complex tax account problem or a special need, such as a disability, an appointment can be requested. All other issues will be handled without an appointment. To find the number of your local office, go to [www.irs.gov/localcontacts](http://www.irs.gov/localcontacts) or look in the phone book under *United States Government, Internal Revenue Service*.



**Mail.** You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 days after your request is received.

Internal Revenue Service  
1201 N. Mitsubishi Motorway  
Bloomington, IL 61705-6613



**DVD for tax products.** You can order Publication 1796, IRS Tax Products DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Internal Revenue Code—Title 26 of the U.S. Code.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.

- Two releases during the year.
  - The first release will ship the beginning of January 2009.
  - The final release will ship the beginning of March 2009.

Purchase the DVD from National Technical Information Service (NTIS) at [www.irs.gov/cdorders](http://www.irs.gov/cdorders) for \$30 (no handling fee) or call 1-877-233-6767 toll free to buy the DVD for \$30 (plus a \$6 handling fee). The price is discounted to \$25 for orders placed prior to December 1, 2008.



**Small Business Resource Guide 2009.** This online guide is a must for every small business owner or any taxpayer about to start a business.

This year's guide includes:

- Helpful information, such as how to prepare a business plan, find financing for your business, and much more.

- All the business tax forms, instructions, and publications needed to successfully manage a business.
- Tax law changes for 2009.
- Tax Map: an electronic research tool and finding aid.
- Web links to various government agencies, business associations, and IRS organizations.
- “Rate the Product” survey—your opportunity to suggest changes for future editions.
- A site map of the guide to help you navigate the pages with ease.
- An interactive “Teens in Biz” module that gives practical tips for teens about starting their own business, creating a business plan, and filing taxes.

The information is updated during the year. Visit [www.irs.gov](http://www.irs.gov) and enter keyword “SBRG” in the upper right-hand corner for more information.



<p><b>A</b>  <b>Assistance</b> (See Tax help)</p> <hr/> <p><b>B</b>  <b>Base amount</b> ..... <a href="#">3</a></p> <hr/> <p><b>C</b>  <b>Canadian social security benefits</b> ..... <a href="#">5</a>  <b>Comments on publication</b> ..... <a href="#">2</a></p> <hr/> <p><b>D</b>  <b>Deductions related to benefits</b> ..... <a href="#">15</a>              \$3,000 or less ..... <a href="#">15</a>              \$3,001 or more ..... <a href="#">15</a>  <b>Disability benefits repaid</b> ..... <a href="#">15</a></p> <hr/> <p><b>E</b>  <b>Estimated tax</b> ..... <a href="#">4</a></p> <hr/> <p><b>F</b>  <b>Form 1040</b> ..... <a href="#">5</a>  <b>Form 1040A</b> ..... <a href="#">5</a>  <b>Form RRB-1042S</b> ..... <a href="#">26</a>  <b>Form RRB-1099</b> ..... <a href="#">11</a>, <a href="#">23</a>  <b>Form SSA-1042S</b> ..... <a href="#">23</a>  <b>Form SSA-1099</b> ..... <a href="#">11</a>, <a href="#">20</a>  <b>Form W-4V</b> ..... <a href="#">4</a>  <b>Free tax services</b> ..... <a href="#">27</a></p> <hr/> <p><b>G</b>  <b>German social security benefits</b> ..... <a href="#">5</a></p> <hr/> <p><b>H</b>  <b>Help</b> (See Tax help)</p> <hr/> <p><b>J</b>  <b>Joint returns</b> ..... <a href="#">15</a></p>	<p><b>L</b>  <b>Legal expenses</b> ..... <a href="#">15</a>  <b>Lump-sum election</b> ..... <a href="#">11</a>              Example ..... <a href="#">11</a>              Filled-in worksheet 1 ..... <a href="#">12</a>              Worksheet 2:                  Blank ..... <a href="#">17</a>                  Filled-in ..... <a href="#">13</a>              Worksheet 3, blank ..... <a href="#">18</a>              Worksheet 4:                  Blank ..... <a href="#">19</a>                  Filled-in ..... <a href="#">14</a></p> <hr/> <p><b>M</b>  <b>Missing children, photographs of</b> ..... <a href="#">1</a>  <b>More information</b> (See Tax help)</p> <hr/> <p><b>N</b>  <b>Nonresident aliens</b> ..... <a href="#">5</a>              Form RRB-1042S ..... <a href="#">26</a>              Form SSA-1042S ..... <a href="#">23</a>  <b>Nontaxable benefits</b> ..... <a href="#">5</a></p> <hr/> <p><b>P</b>  <b>Permanent resident aliens</b> ..... <a href="#">4</a>  <b>Publications</b> (See Tax help)</p> <hr/> <p><b>R</b>  <b>Railroad retirement benefits</b> ..... <a href="#">1</a>  <b>Repayments:</b>              Benefits received in earlier year ..... <a href="#">4</a>, <a href="#">15</a>              Disability benefits ..... <a href="#">15</a>              Gross benefits ..... <a href="#">4</a>, <a href="#">15</a>  <b>Reporting requirements</b> ..... <a href="#">5</a>              Lump-sum payment ..... <a href="#">11</a></p> <hr/> <p><b>S</b>  <b>Social Security benefits</b> ..... <a href="#">1</a>  <b>Suggestions for publication</b> ..... <a href="#">2</a></p>	<p><b>T</b>  <b>Tax help</b> ..... <a href="#">27</a>  <b>Taxable benefits:</b>              Determination of ..... <a href="#">2</a>, <a href="#">5</a>              Maximum taxable part ..... <a href="#">5</a>              Person receiving benefits determines ..... <a href="#">4</a>              Worksheets ..... <a href="#">3</a>                  Examples ..... <a href="#">6</a>, <a href="#">16</a>                  Which to use ..... <a href="#">6</a>  <b>Taxpayer Advocate</b> ..... <a href="#">27</a>  <b>Total income, figuring</b> ..... <a href="#">3</a>  <b>TTY/TDD information</b> ..... <a href="#">27</a></p> <hr/> <p><b>U</b>  <b>U.S. citizens residing abroad</b> .... <a href="#">4</a>  <b>U.S. residents:</b>              Canadian or German social security benefits paid to ..... <a href="#">5</a></p> <hr/> <p><b>W</b>  <b>Withholding</b> ..... <a href="#">4</a>              Exemption from ..... <a href="#">5</a>              Form W-4V ..... <a href="#">4</a>              Voluntary ..... <a href="#">4</a>  <b>Worksheets:</b>              Lump-sum election:                  Blank worksheet 4 ..... <a href="#">19</a>                  Filled-in worksheet 4 ..... <a href="#">14</a>              Lump-sum payment:                  Blank worksheet 2 ..... <a href="#">17</a>                  Blank worksheet 3 ..... <a href="#">18</a>                  Filled-in worksheet 2 ..... <a href="#">13</a>              Taxable benefits:                  Blank worksheet 1 ..... <a href="#">16</a>                  Filled-in worksheet 1 ..... <a href="#">7-10</a>, <a href="#">12</a>                  Quick calculation, sample ..... <a href="#">3</a></p> <hr/> <p style="text-align: right;">■</p>
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## Tax Publications for Individual Taxpayers

See *How To Get Tax Help* for a variety of ways to get publications, including by computer, phone, and mail.

### General Guides

- 1 Your Rights as a Taxpayer
- 17 Your Federal Income Tax For Individuals
- 334 Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)
- 509 Tax Calendars for 2009
- 553 Highlights of 2008 Tax Changes
- 910 IRS Guide to Free Tax Services

### Specialized Publications

- 3 Armed Forces' Tax Guide
- 54 Tax Guide for U.S. Citizens and Resident Aliens Abroad
- 225 Farmer's Tax Guide
- 463 Travel, Entertainment, Gift, and Car Expenses
- 501 Exemptions, Standard Deduction, and Filing Information
- 502 Medical and Dental Expenses (Including the Health Coverage Tax Credit)
- 503 Child and Dependent Care Expenses
- 504 Divorced or Separated Individuals
- 505 Tax Withholding and Estimated Tax
- 514 Foreign Tax Credit for Individuals
- 516 U.S. Government Civilian Employees Stationed Abroad
- 517 Social Security and Other Information for Members of the Clergy and Religious Workers
- 519 U.S. Tax Guide for Aliens
- 521 Moving Expenses
- 523 Selling Your Home
- 524 Credit for the Elderly or the Disabled
- 525 Taxable and Nontaxable Income
- 526 Charitable Contributions
- 527 Residential Rental Property (Including Rental of Vacation Homes)
- 529 Miscellaneous Deductions
- 530 Tax Information for Homeowners

- 531 Reporting Tip Income
- 535 Business Expenses
- 536 Net Operating Losses (NOLs) for Individuals, Estates, and Trusts
- 537 Installment Sales
- 541 Partnerships
- 544 Sales and Other Dispositions of Assets
- 547 Casualties, Disasters, and Thefts
- 550 Investment Income and Expenses (Including Capital Gains and Losses)
- 551 Basis of Assets
- 552 Recordkeeping for Individuals
- 554 Tax Guide for Seniors
- 555 Community Property
- 556 Examination of Returns, Appeal Rights, and Claims for Refund
- 559 Survivors, Executors, and Administrators
- 561 Determining the Value of Donated Property
- 564 Mutual Fund Distributions
- 570 Tax Guide for Individuals With Income From U.S. Possessions
- 571 Tax-Sheltered Annuity Plans (403(b) Plans) For Employees of Public Schools and Certain Tax-Exempt Organizations
- 575 Pension and Annuity Income
- 584 Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)
- 587 Business Use of Your Home (Including Use by Daycare Providers)
- 590 Individual Retirement Arrangements (IRAs)
- 593 Tax Highlights for U.S. Citizens and Residents Going Abroad
- 594 The IRS Collection Process
- 596 Earned Income Credit (EIC)
- 721 Tax Guide to U.S. Civil Service Retirement Benefits
- 901 U.S. Tax Treaties
- 907 Tax Highlights for Persons with Disabilities

- 908 Bankruptcy Tax Guide
- 915 Social Security and Equivalent Railroad Retirement Benefits
- 919 How Do I Adjust My Tax Withholding?
- 925 Passive Activity and At-Risk Rules
- 926 Household Employer's Tax Guide For Wages Paid in 2009
- 929 Tax Rules for Children and Dependents
- 936 Home Mortgage Interest Deduction
- 946 How To Depreciate Property
- 947 Practice Before the IRS and Power of Attorney
- 950 Introduction to Estate and Gift Taxes
- 967 The IRS Will Figure Your Tax
- 969 Health Savings Accounts and Other Tax-Favored Health Plans
- 970 Tax Benefits for Education
- 971 Innocent Spouse Relief
- 972 Child Tax Credit
- 1542 Per Diem Rates (For Travel Within the Continental United States)
- 1544 Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)
- 1546 Taxpayer Advocate Service – Your Voice at the IRS

### Spanish Language Publications

- 1SP Derechos del Contribuyente
- 17SP El Impuesto Federal sobre los Ingresos (Para Personas Físicas)
- 594SP El Proceso de Cobro del IRS
- 596SP Crédito por Ingreso del Trabajo
- 850 English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service
- 1544SP Informe de Pagos en Efectivo en Exceso de \$10,000 (Recibidos en una Ocupación o Negocio)

## Commonly Used Tax Forms

See *How To Get Tax Help* for a variety of ways to get forms, including by computer, phone, and mail.

Form Number and Title	Form Number and Title
1040 U.S. Individual Income Tax Return	2106 Employee Business Expenses
Sch A&B Itemized Deductions & Interest and Ordinary Dividends	2106-EZ Unreimbursed Employee Business Expenses
Sch C Profit or Loss From Business	2210 Underpayment of Estimated Tax by Individuals, Estates, and Trusts
Sch C-EZ Net Profit From Business	2441 Child and Dependent Care Expenses
Sch D Capital Gains and Losses	2848 Power of Attorney and Declaration of Representative
Sch D-1 Continuation Sheet for Schedule D	3903 Moving Expenses
Sch E Supplemental Income and Loss	4562 Depreciation and Amortization
Sch EIC Earned Income Credit	4868 Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
Sch F Profit or Loss From Farming	4952 Investment Interest Expense Deduction
Sch H Household Employment Taxes	5329 Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts
Sch J Income Averaging for Farmers and Fishermen	6251 Alternative Minimum Tax—Individuals
Sch R Credit for the Elderly or the Disabled	8283 Noncash Charitable Contributions
Sch SE Self-Employment Tax	8582 Passive Activity Loss Limitations
1040A U.S. Individual Income Tax Return	8606 Nondeductible IRAs
Sch 1 Interest and Ordinary Dividends for Form 1040A Filers	8812 Additional Child Tax Credit
Sch 2 Child and Dependent Care Expenses for Form 1040A Filers	8822 Change of Address
Sch 3 Credit for the Elderly or the Disabled for Form 1040A Filers	8829 Expenses for Business Use of Your Home
1040EZ Income Tax Return for Single and Joint Filers With No Dependents	8863 Education Credits (Hope and Lifetime Learning Credits)
1040-ES Estimated Tax for Individuals	9465 Installment Agreement Request
1040X Amended U.S. Individual Income Tax Return	