

Volunteer Tax Alert 2013-02 February 26, 2013
Form 8880 - Credit for Qualified Retirement Savings Contributions

Concern: Taxpayers eligible for the Credit for Qualified Retirement Savings Contributions may be overlooked. This credit is also known as the Savers Credit.

Qualifications:

Taxpayers may be eligible for this credit if during the tax year they:

- Made contributions or elective deferrals to a 401(k), IRA or other qualified plan. In many cases, the amount of contribution is reflected in box 12 of Form W-2.
- Have AGI of \$28,750 or less (\$43,125 if head of household, \$57,500 if married filing jointly), and
- Were born before January 2, 1995 (at least age 18), were not claimed as a dependent on someone else's tax return, and were not students during 2012. (See page 27 of Publication 17 for the definition of student.)

Important Reminders:

- Contributions to the plan generally must be elective; that is, the taxpayer was not required to make the contributions.
Eligible contributions include:
 - Contributions (other than rollover contributions) to a traditional or Roth IRA
 - Elective deferrals to a 401(k) or 403(b) plan (including designated Roth contributions), a governmental 457 plan, SEP, or SIMPLE plan
 - Voluntary employee contributions to a qualified retirement plan as defined in section 4974(c) (including the federal Thrift Savings Plan), or
 - Contributions to a 501(c)(18)(D) plan
- On TaxWise, be sure to enter codes and amounts from all boxes of the paper W-2. Codes D through H, S, Y, AA, BB, and EE are used to show elective deferrals in box 12 of Form W-2.
- Contributions to traditional or Roth IRAs may not be reported on any tax document. Review Part IV, question 2, Form 13614-C and ask taxpayers if they made any IRA contributions. On TaxWise, enter IRS contributions on the IRA worksheet.

Retirement plan distributions received in 2010, 2011, and 2012 - and the period in 2013 prior to the due date of the 2012 return - must be entered on Form 8880. Always ask taxpayers if they received distributions in prior years. See the Form 8880 instructions for specific information.

More Information:

- Form 8880, *Credit for Qualified Retirement Savings Contributions*
- Publication 4012, *VITA/TCE Volunteer Resource Guide*
- Publication 4491X, *VITA/TCE Training Supplement*, Pen & Ink changes to Publication 4012
- Publication 17, *Your Federal Income Tax*, or
- The VITA hotline at 1-800-829-8482

If you have any questions, please discuss them with your site coordinator or contact your local IRS SPEC relationship manager.

Thank you for volunteering to serve your community and for your dedication to providing top QUALITY service!