Date: March 14, 2014

To: All Volunteers for AARP Foundation Tax-Aide (with a valid email address in VMIS)
From: Marcy Gouge, Assistant National Director, AARP Foundation Tax-Aide
Subject: CyberTax TY2013-06: Volunteer Tax Alert- Disability Income (Required at Site)

Volunteer Tax Alert 2014-02, regarding how to report disability payments reported on Form 1099-R for a taxpayer that is retired on disability and has not reached the minimum retirement age is above and attached. This CyberTax is the official notification of this Tax Alert--it should be available at all sites (electronically or in paper) in the event a SPEC or IRS reviewer asks if it is available to volunteers. You may have already received this alert from other sources. This alert is also available on the ShareNet in *Policies and Procedures > Required at Site*.

Note: Tax-Aide sought further clarification from the IRS after this Alert was issued. Please see additional information below:

Reference VTA 2014-02, dated March 07, 2014.

If a taxpayer presents a 1099-R with a code 3 in box 7, the volunteer needs to ask the following question as part of the intake interview: "What is the minimum retirement age of your employer?". If the taxpayer has not reached that minimum age, then the taxable income included in the 1099-R must be diverted to wages by checking the box that reads: "Check if disability and the taxpayer is disabled". Checking this box instructs TaxWise to move that income to line 7 of the 1040 and allows consideration for EITC. If the taxpayer has reached the minimum retirement age, then the box is not checked and the income is considered to be retirement income and should be reported on line 16 of Form 1040. At age 65 or over, TaxWise will enter income on line 16 regardless of whether or not box is checked.

Questions regarding this Alert can be sent to the National Tax Training Committee at TaxAideTrain@gmail.com or to Marcy Gouge at mgouge@aarp.org.

Please be advised we are aware that some of you may not be receiving CyberTax messages. While we are working on this problem; we ask that you regularly check the Volunteer ShareNet for CyberTax messages "*General Program Communications>CyberTax Messages*" and that volunteer leaders send, if necessary, CyberTax messages to volunteers who may not have received them. The solution to this problem may require an entirely different process or software for sending email with large a distribution list and we are pursuing all options.

Attachments:
VolunteerTaxAlert2TY13031214.pdf