

TAXABILITY OF SOCIAL SECURITY BENEFITS

In some cases, taxpayers may have to pay taxes on their social security benefits. Here are tidbits to assist taxpayers on this matter.

- **Form SSA-1099:** If taxpayers received Social Security benefits in 2016, they should receive a Form SSA-1099, Social Security Benefit Statement, showing the amount of their benefits.
- **Social Security as Only Income:** If Social Security was a taxpayer's only income in 2016, their benefits may not be taxable. They also may not need to file a federal income tax return. *If taxpayers get income from other sources, they may have to pay taxes on some of their benefits.*
- **Tax Formula:** To find out if a taxpayer must pay taxes on their Social Security benefits: Add one-half of the Social Security income to all other income, including tax-exempt interest. Then compare that amount to the base amount for their filing status. If the total is more than the base amount, some of their benefits may be taxable.

The three base amounts are:

1. \$25,000 – if taxpayers are single, head of household, qualifying widow or widower with a dependent child or married filing separately and lived apart from their spouse for all of 2016
2. \$32,000 – if they are married filing jointly
3. \$0 – if they are married filing separately and lived with their spouse at any time during the year

If you have any questions or need further information, contact your tax preparer.