

TAX TIPS

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1099Rs Are Tricky!

Form 1099R (Retirement) shows the following types of income:

- Pensions
- IRA withdrawals – including inherited IRAs.
- 401K withdrawals
- Annuity withdrawals.

These forms include the gross distribution, the taxable portion and the code indicating why it was withdrawn. Codes may include 7 = normal distribution, 1 = early withdrawal (before age 59 1/2), 4 = inherited or G = rollover, and D for a nonqualified annuity, among others. **The 1099R will not show your contribution from your IRA - we have to subtract it on a special worksheet when we do your taxes.**

An early withdrawal (before age 59 1/2) is subject to a 10% early withdrawal penalty (Form 5329) - unless it is used for medical bills or tuition or a first home.

For IL, most 1099R income is not taxable and is subtracted from Line 1 on your IL 1040. However nonqualified annuities (with Code 7D) are taxable in IL. Not simple.

STRAUSS TAX SERVICE will accurately prepare your 2016 Federal and IL tax returns, efile while you wait and call you when your returns have been accepted by the IRS and IL. We will answer your many questions about 2017 and save you money. We are located at **624 62nd Street, Downers Grove** and are open from **9 AM - 9 PM daily.**

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