

Form 1099-R: Using the Simplified Method to Determine the Taxable Amount

If the taxable amount on Form 1099-R has not been determined, the return will require **Advanced** certification and the so-called **Simplified Method** must be used to determine the taxable amount to include on the tax return.

If Form 1099-R has...	Then the required Certification level is...
Box 2a with any amount in it, including "0" (zero)	Basic Box 2b is considered irrelevant and the Simplified Method is not required.
Box 2a is empty and Box 2b is checked	Advanced The taxable amount of the distribution must be calculated using the so-called Simplified Method.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED				OMB No. 1545-0119		2021 Form 1099-R Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution	\$	2a Taxable amount	\$	
		2b Taxable amount not determined	<input checked="" type="checkbox"/>	Total distribution	<input type="checkbox"/>	
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a)	\$	4 Federal income tax withheld	\$	Copy 1 For State, City, or Local Tax Department
RECIPIENT'S name		5 Employee contributions/		6 Net unrealized		

Using the Simplified Method

Check that all Distribution Codes in **Box 7** of the **1099-R** are within scope for VITA before using the Simplified Method. See "About Form 1099-R: Scope, Codes & Distribution Exceptions" or the [Scope of Service Chart from Pub 4012](#).

Tax preparers will need to have the following form and information:

- **Form 1099-R**
- **Start date of annuity?** – When did the taxpayer begin taking distributions from the account?
- **Is it a Joint or Survivor Annuity?** – Will the surviving spouse continue to receive money if one spouse dies?
- **Age of recipient at the start date of the annuity? And for joint and survivor annuities, the age of the spouse at the start date?**

1. In TaxSlayer, navigate to **Federal Section**→**Income**→**1099-R, RRB-1099, RRB-1099-R, SSA-1099**→**Add or Edit a 1099-R**.
2. On the **Form 1099-R IRA/Pension Distribution(s)** screen, enter the Form 1099-R data as it

appears on the taxpayer's form. Be sure to check **Taxable amount not determined** just as it is on Form 1099-R.

3. Beneath Box 2a onscreen, locate and click on **Do you need to calculate your taxable amount? Click here for options.**
4. In the **Calculate Taxable Amount** screen, click to open **Simplified Method Worksheet.**
5. Click **Continue** to access the Worksheet.
6. Complete the worksheet onscreen. Refer below.

Gross distribution amount (from 1099-R)
\$1,000.00

Plan cost at annuity start date
\$ **Total amount of taxpayer contributions to the plan. See Box 9b of Form 1099-R.**

Starting date of annuity *
MM DD YYYY **When did the taxpayer begin taking distributions?**

Check here if this is a Joint or Survivor Annuity. **Will the surviving spouse continue to receive distributions?**

Death benefit exclusion
\$ **Ask this question although it doesn't usually apply.**

Age of recipient at start date *
If joint or survivor annuity, add ages of recipients **Add together both spouse's ages at the start date of the annuity and enter here ONLY IF Joint or Survivor Annuity is checked above. Otherwise, enter only recipient's age at start date.**

Number of months paid in 2020 *
 If they have been receiving the distributions for years, the answer is 12. If distributions started this tax year, it could be fewer than 12.

Amounts previously recovered
\$ **These don't usually apply.**

Public Safety Officer Exclusion
\$ **This doesn't usually apply.**

7. Click on **Continue**. The taxable amount will be calculated and added to the tax return.
8. Click on **Continue** again and verify all entries in the **Form 1099-R IRA/Pension Distribution(s)** screen.
9. Continue tax return preparation.