

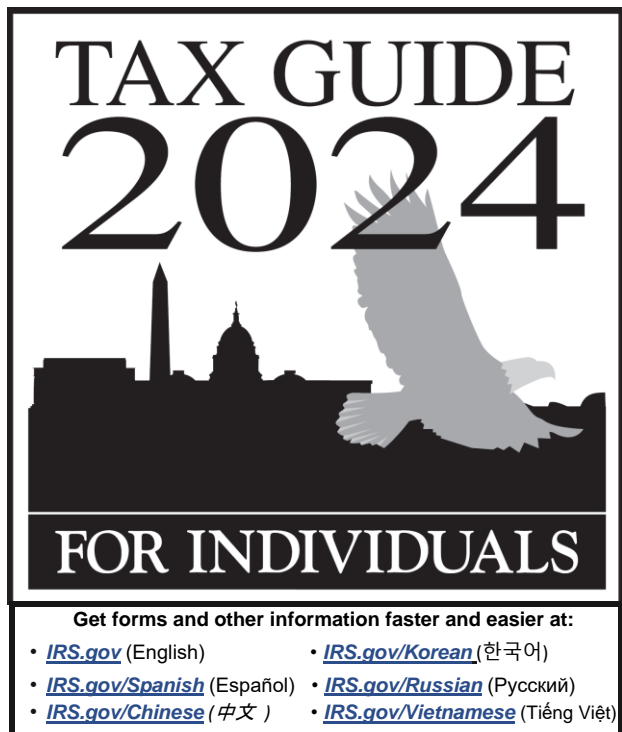
Publication 17

Your Federal Income Tax

For use in preparing

2024 Returns

Volume 10 of 14



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Generally, except for any part of a withdrawal that is a return of nondeductible contributions (basis), any withdrawal of your contributions after the due date (or extended due date) of your return will be treated as a taxable distribution. Excess contributions can also be recovered tax free as discussed under What Acts Result in Penalties or Additional Taxes, later.

Early distributions tax. The 10% additional tax on distributions made before you reach age 59^{1/2} doesn't apply to these tax-free withdrawals of your contributions. However, the distribution of interest or other income must be reported on Form 5329 and, unless the distribution qualifies for an exception to the age 59^{1/2} rule, it will be subject to this tax. See *Early Distributions* under *What Acts Result in Penalties or Additional Taxes?* in Pub. 590-B.

When Must You Withdraw IRA Assets? (Required Minimum Distributions)

You can't keep funds in a traditional IRA indefinitely. Eventually, they must be distributed. If there are no distributions, or if the distributions aren't large enough, you may have to pay a 25% excise tax on the amount not distributed as required. See *Excess Accumulations (Insufficient Distributions)*, later. The requirements for distributing IRA funds differ depending on whether you are the IRA owner or the beneficiary of a decedent's IRA.

Required minimum distribution. The amount that must be distributed each year is referred to as the “required minimum distribution.”

Distributions not eligible for rollover.

Amounts that must be distributed (required minimum distributions) during a particular year aren't eligible for rollover treatment.

IRA owners. If you are the owner of a traditional IRA, you must generally start receiving distributions from your IRA by April 1 of the year following the year in which you reach age 73. April 1 of the year following the year in which you reach age 73 is referred to as the “required beginning date.”

Distributions by the required beginning date. You must receive at least a minimum amount for each year starting with the year you reach age 73. If you don't (or didn't) receive that minimum amount in the year you become age 73, then you must receive distributions for the year you become age 73 by April 1 of the next year.

If an IRA owner dies after reaching age 73 but before April 1 of the next year, no minimum distribution is required because

death occurred before the required beginning date.



Individuals who reach age 72 after December 31, 2022, may delay receiving their required minimum distributions until April 1 of the year following the year in which they reach age 73.



Even if you begin receiving distributions before you attain age 72, you must begin figuring and receiving required minimum distributions by your required beginning date.

Distributions after the required beginning date. The required minimum distribution for any year after the year you turn age 72 must be made by December 31 of that later year.

Beneficiaries. If you are the beneficiary of a decedent's traditional IRA, the requirements for distributions from that IRA generally depend on whether the IRA owner died before

or after the required beginning date for distributions.

More information. For more information, including how to figure your required minimum distribution each year and how to figure your required distribution if you are a beneficiary of a decedent's IRA, see *When Must You Withdraw Assets? (Required Minimum Distributions)* in chapter 1 of Pub. 590-B.

Are Distributions Taxable?

In general, distributions from a traditional IRA are taxable in the year you receive them.

Exceptions. Exceptions to distributions from traditional IRAs being taxable in the year you receive them are:

- Rollovers;
- Qualified charitable distributions (QCDs), discussed later;

- Tax-free withdrawals of contributions, discussed earlier; and
- The return of nondeductible contributions, discussed later under Distributions Fully or Partly Taxable.



Although a conversion of a traditional IRA is considered a rollover for Roth IRA purposes, it isn't an exception to the rule that distributions from a traditional IRA are taxable in the year you receive them. Conversion distributions are includible in your gross income subject to this rule and the special rules for conversions explained in Converting From Any Traditional IRA Into a Roth IRA under Can You Move Retirement Plan Assets? in chapter 1 of Pub. 590-A.

Qualified charitable distributions (QCDs).

A QCD is generally a nontaxable distribution made directly by the trustee of your IRA to an organization eligible to receive tax deductible contributions.

See *Qualified Charitable Distributions* in Pub. 590-B for more information.



A QCD will count towards your required minimum distribution. See Qualified charitable distributions under Are Distributions Taxable? in chapter 1 of Pub. 590-B for more information.

Ordinary income. Distributions from traditional IRAs that you include in income are taxed as ordinary income.

No special treatment. In figuring your tax, you can't use the 10-year tax option or capital gain treatment that applies to lump-sum distributions from qualified retirement plans.

Distributions Fully or Partly Taxable

Distributions from your traditional IRA may be fully or partly taxable, depending on whether your IRA includes any nondeductible contributions.

Fully taxable. If only deductible contributions were made to your traditional IRA (or IRAs, if you have more than one), you have no basis in your IRA. Because you have no basis in your IRA, any distributions are fully taxable when received. See Reporting taxable distributions on your return, later.

Partly taxable. If you made nondeductible contributions or rolled over any after-tax amounts to any of your traditional IRAs, you have a cost basis (investment in the contract) equal to the amount of those contributions. These nondeductible contributions aren't taxed when they are distributed to you. They are a return of your investment in your IRA.

Only the part of the distribution that represents nondeductible contributions and rolled over after-tax amounts (your cost basis) is tax free. If nondeductible contributions have been made or after-tax amounts have been rolled over to your IRA, distributions consist partly of nondeductible

contributions (basis) and partly of deductible contributions, earnings, and gains (if there are any). Until all of your basis has been distributed, each distribution is partly nontaxable and partly taxable.

Form 8606. You must complete Form 8606 and attach it to your return if you receive a distribution from a traditional IRA and have ever made nondeductible contributions or rolled over after-tax amounts to any of your traditional IRAs. Using the form, you will figure the nontaxable distributions for 2024 and your total IRA basis for 2024 and earlier years.

Note. If you are required to file Form 8606 but you aren't required to file an income tax return, you must still file Form 8606. Send it to the IRS at the time and place you would otherwise file an income tax return.

Distributions reported on Form 1099-R. If you receive a distribution from your traditional IRA, you will receive Form 1099-R,

or a similar statement. IRA distributions are shown in boxes 1 and 2a of Form 1099-R. The number or letter codes in box 7 tell you what type of distribution you received from your IRA.

Withholding. Federal income tax is withheld from distributions from traditional IRAs unless you choose not to have tax withheld. See chapter 4.

IRA distributions delivered outside the United States. In general, if you are a U.S. citizen or resident alien and your home address is outside the United States or its territories, you can't choose exemption from withholding on distributions from your traditional IRA.

Reporting taxable distributions on your return. Report fully taxable distributions, including early distributions, on Form 1040 or 1040-SR, line 4b (no entry is required on Form 1040 or 1040-SR, line 4a). If only part of the distribution is taxable, enter the total

amount on Form 1040 or 1040-SR, line 4a, and the taxable part on Form 1040 or 1040-SR, line 4b.

What Acts Result in Penalties or Additional Taxes?

The tax advantages of using traditional IRAs for retirement savings can be offset by additional taxes and penalties if you don't follow the rules.

There are additions to the regular tax for using your IRA funds in prohibited transactions. There are also additional taxes for the following activities.

- Investing in collectibles.
- Having unrelated business income; see Pub. 590-B.
- Making excess contributions.
- Taking early distributions.

- Allowing excess amounts to accumulate (failing to take required distributions).

There are penalties for overstating the amount of nondeductible contributions and for failure to file a Form 8606, if required.

Prohibited Transactions

Generally, a prohibited transaction is any improper use of your traditional IRA by you, your beneficiary, or any disqualified person.

Disqualified persons include your fiduciary and members of your family (spouse, ancestor, lineal descendent, and any spouse of a lineal descendent).

The following are examples of prohibited transactions with a traditional IRA.

- Borrowing money from it; see Pub. 590-B.
- Selling property to it.
- Using it as security for a loan.

- Buying property for personal use (present or future) with IRA funds.

Effect on an IRA account. Generally, if you or your beneficiary engages in a prohibited transaction in connection with your traditional IRA account at any time during the year, the account stops being an IRA as of the first day of that year.

Effect on you or your beneficiary. If your account stops being an IRA because you or your beneficiary engaged in a prohibited transaction, the account is treated as distributing all its assets to you at their fair market values on the first day of the year. If the total of those values is more than your basis in the IRA, you will have a taxable gain that is includible in your income. For information on figuring your gain and reporting it in income, see *Are Distributions Taxable*, earlier. The distribution may be subject to additional taxes or penalties.

Taxes on prohibited transactions. If someone other than the owner or beneficiary of a traditional IRA engages in a prohibited transaction, that person may be liable for certain taxes. In general, there is a 15% tax on the amount of the prohibited transaction and a 100% additional tax if the transaction isn't corrected.

More information. For more information on prohibited transactions, see *What Acts Result in Penalties or Additional Taxes?* in chapter 1 of Pub. 590-A.

Investment in Collectibles

If your traditional IRA invests in collectibles, the amount invested is considered distributed to you in the year invested. You may have to pay the 10% additional tax on early distributions, discussed later.

Collectibles. These include:

- Artworks,
- Rugs,
- Antiques,
- Metals,
- Gems,
- Stamps,
- Coins,
- Alcoholic beverages, and
- Certain other tangible personal property.

Exception. Your IRA can invest in one-, one-half-, one-quarter-, or one-tenth-ounce U.S. gold coins, or one-ounce silver coins minted by the Treasury Department. It can also invest in certain platinum coins and certain gold, silver, palladium, and platinum bullion.

Excess Contributions

Generally, an excess contribution is the amount contributed to your traditional IRA(s) for the year that is more than the smaller of:

- The maximum deductible amount for the year (for 2024, this is \$7,000 (\$8,000 if you are 50 or older)); or
- Your taxable compensation for the year.

An excess contribution could be the result of your contribution, your spouse's contribution, your employer's contribution, or an improper rollover contribution. If your employer makes contributions on your behalf to a SEP IRA, see chapter 2 of Pub. 560.

Tax on excess contributions. In general, if the excess contributions for a year aren't withdrawn by the date your return for the year is due (including extensions), you are subject to a 6% tax. You must pay the 6% tax each year on excess amounts that remain in your traditional IRA at the end of your tax

year. The tax can't be more than 6% of the combined value of all your IRAs as of the end of your tax year. The additional tax is figured on Form 5329.

Excess contributions withdrawn by due date of return. You won't have to pay the 6% tax if you withdraw an excess contribution made during a tax year and you also withdraw interest or other income earned on the excess contribution. You must complete your withdrawal by the date your tax return for that year is due, including extensions.

How to treat withdrawn contributions.

Don't include in your gross income an excess contribution that you withdraw from your traditional IRA before your tax return is due if both the following conditions are met.

- No deduction was allowed for the excess contribution.

- You withdraw the interest or other income earned on the excess contribution.

You can take into account any loss on the contribution while it was in the IRA when figuring the amount that must be withdrawn. If there was a loss, the net income you must withdraw may be a negative amount.

How to treat withdrawn interest or other income. You must include in your gross income the interest or other income that was earned on the excess contribution. Report it on your return for the year in which the excess contribution was made. Your withdrawal of interest or other income may be subject to an additional 10% tax on early distributions, discussed later.

Beginning on or after December 29, 2022, the 10% additional tax will not apply to your withdrawal of interest or other income, if withdrawn on or before the due date (including extensions) of the income tax return. See Pub. 590-B for more information.

Excess contributions withdrawn after due date of return. In general, you must include all distributions (withdrawals) from your traditional IRA in your gross income. However, if the following conditions are met, you can withdraw excess contributions from your IRA and not include the amount withdrawn in your gross income.

- Total contributions (other than rollover contributions) for 2024 to your IRA weren't more than \$7,000 (\$8,000 if you are 50 or older).
- You didn't take a deduction for the excess contribution being withdrawn.

The withdrawal can take place at any time, even after the due date, including extensions, for filing your tax return for the year.

Excess contribution deducted in an earlier year. If you deducted an excess contribution in an earlier year for which the total contributions weren't more than the

maximum deductible amount for that year (see the following table), you can still remove the excess from your traditional IRA and not include it in your gross income. To do this, file Form 1040-X for that year and don't deduct the excess contribution on the amended return. Generally, you can file an amended return within 3 years after you filed your return or 2 years from the time the tax was paid, whichever is later.

Year(s)	Contribution limit	Contribution limit if 50 or older at the end of the year
2023	\$6,500	\$7,500
2019 through 2022	\$6,000	\$7,000

2013 through 2018	\$5,500	\$6,500
2008 through 2012	\$5,000	\$6,000
2006 or 2007	\$4,000	\$5,000
2005	\$4,000	\$4,500
2002 through 2004	\$3,000	\$3,500
1997 through 2001	\$2,000	—
before 1997	\$2,250	—

Excess due to incorrect rollover

information. If an excess contribution in your traditional IRA is the result of a rollover and the excess occurred because the information the plan was required to give you was incorrect, you can withdraw the excess contribution. The limits mentioned above are increased by the amount of the excess that is due to the incorrect information. You will have to amend your return for the year in which the excess occurred to correct the reporting of the rollover amounts in that year. Don't include in your gross income the part of the excess contribution caused by the incorrect information. For more information, see *Excess Contributions* under *What Acts Result in Penalties or Additional Taxes?* in Pub. 590-A.

Early Distributions

You must include early distributions of taxable amounts from your traditional IRA in your gross income. Early distributions are also subject to an additional 10% tax. See the

discussion of Form 5329 under Reporting Additional Taxes, later, to figure and report the tax.

Early distributions defined. Early distributions are generally amounts distributed from your traditional IRA account or annuity before you are age 59^{1/2}.

Age 59^{1/2} rule. Generally, if you are under age 59^{1/2}, you must pay a 10% additional tax on the distribution of any assets (money or other property) from your traditional IRA. Distributions before you are age 59^{1/2} are called early distributions.

The 10% additional tax applies to the part of the distribution that you have to include in gross income. It is in addition to any regular income tax on that amount.

After age 59^{1/2} and before age 73. After you reach age 59^{1/2}, you can receive distributions without having to pay the 10% additional tax. Even though you can receive

distributions after you reach age 59¹/₂, distributions aren't required until you reach age 73. See *When Must You Withdraw IRA Assets? (Required Minimum Distributions)*, earlier.

Exceptions. There are several exceptions to the age 59¹/₂ rule. Even if you receive a distribution before you are age 59¹/₂, you may not have to pay the 10% additional tax if you are in one of the following situations.

- You have unreimbursed medical expenses that are more than 7.5% of your AGI. • The distribution is for the cost of your medical insurance due to a period of unemployment.
- You are totally and permanently disabled.
- You have been certified as having a terminal illness.
- You are the beneficiary of a deceased IRA owner.

- You are receiving distributions in the form of a series of substantially equal periodic payments.
- The distribution is income on a corrective distribution.
- The distribution is for your qualified higher education expenses.
- You use the distributions to buy, build, or rebuild a first home.
- The distribution is due to an IRS levy of the IRA or retirement plan.
- The distribution is a qualified reservist distribution.
- You are a victim of domestic abuse.
- The distribution is for eligible emergency personal expenses.

Most of these exceptions are explained under *Early Distributions* under *What Acts Result in*

Penalties or Additional Taxes? in chapter 1 of Pub. 590-B.

Note. Distributions that are timely and properly rolled over, as discussed earlier, aren't subject to either regular income tax or the 10% additional tax. Certain withdrawals of excess contributions after the due date of your return are also tax free and therefore not subject to the 10% additional tax. (See *Excess contributions withdrawn after due date of return*, earlier.) This also applies to transfers incident to divorce, as discussed earlier.

Receivership distributions. Early distributions (with or without your consent) from savings institutions placed in receivership are subject to this tax unless one of the exceptions listed earlier applies. This is true even if the distribution is from a receiver that is a state agency.

Additional 10% tax. The additional tax on early distributions is 10% of the amount of the early distribution that you must include in your gross income. This tax is in addition to any regular income tax resulting from including the distribution in income.

Nondeductible contributions. The tax on early distributions doesn't apply to the part of a distribution that represents a return of your nondeductible contributions (basis).

More information. For more information on early distributions, see *What Acts Result in Penalties or Additional Taxes?* in chapter 1 of Pub. 590-B.

Excess Accumulations (Insufficient Distributions)

You can't keep amounts in your traditional IRA indefinitely. Generally, you must begin receiving distributions by April 1 of the year following the year in which you reach age 73. The required minimum distribution for any

year after the year in which you reach age 73 must be made by December 31 of that later year.



Individuals who reach age 72 after December 31, 2022, may delay receiving their required minimum distributions until April 1 of the year following the year in which they reach age 73.

Tax on excess. If distributions are less than the required minimum distribution for the year, you may have to pay a 25% excise tax for that year on the amount not distributed as required.



The excise tax on distributions that are less than the required minimum distribution amount is reduced to 25% for tax years beginning after December 29, 2022. Also, there is an additional reduction to 10% for taxpayers meeting additional requirements. See Pub. 590-B for more information.

Request to waive the tax. If the excess accumulation is due to reasonable error, and you have taken, or are taking, steps to remedy the insufficient distribution, you can request that the tax be waived. If you believe you qualify for this relief, attach a statement of explanation and complete Form 5329 as instructed under *Waiver of tax for reasonable cause* in the Instructions for Form 5329.

Exemption from tax. If you are unable to take required distributions because you have a traditional IRA invested in a contract issued by an insurance company that is in state insurer delinquency proceedings, the 25% excise tax doesn't apply if the conditions and requirements of Revenue Procedure 92-10 are satisfied.

More information. For more information on excess accumulations, see *What Acts Result in Penalties or Additional Taxes?* in chapter 1 of Pub. 590-B.

Reporting Additional Taxes

Generally, you must use Form 5329 to report the tax on excess contributions, early distributions, and excess accumulations.

Filing a tax return. If you must file an individual income tax return, complete Form 5329 and attach it to your Form 1040 or 1040-SR. Enter the total additional taxes due on Schedule 2 (Form 1040), line 8.

Not filing a tax return. If you don't have to file a tax return but do have to pay one of the additional taxes mentioned earlier, file the completed Form 5329 with the IRS at the time and place you would have filed your Form 1040 or 1040-SR. Be sure to include your address on page 1 and your signature and date on page 2. Enclose, but don't attach, a check or money order made payable to "United States Treasury" for the tax you owe, as shown on Form 5329. Enter your social security number and "2024 Form 5329" on your check or money order.

Form 5329 not required. You don't have to use Form 5329 if any of the following situations exists.

- Distribution code 1 (early distribution) is correctly shown in box 7 of all your Forms 1099-R. If you don't owe any other additional tax on a distribution, multiply the taxable part of the early distribution by 10% (0.10) and enter the result on Schedule 2 (Form 1040), line 8. Enter "No" to the left of the line to indicate that you don't have to file Form 5329. However, if you owe this tax and also owe any other additional tax on a distribution, don't enter this 10% additional tax directly on your Form 1040 or 1040-SR. You must file Form 5329 to report your additional taxes.
- If you rolled over part or all of a distribution from a qualified retirement plan, the part rolled over isn't subject to the tax on early distributions.

- If you have a qualified disaster distribution.

Roth IRAs

Regardless of your age, you may be able to establish and make nondeductible contributions to a retirement plan called a Roth IRA.

Contributions not reported. You don't report Roth IRA contributions on your return.

What Is a Roth IRA?

A Roth IRA is an individual retirement plan that, except as explained in this chapter, is subject to the rules that apply to a traditional IRA (defined earlier). It can be either an account or an annuity. Individual retirement accounts and annuities are described under *How Can a Traditional IRA Be Opened?* in chapter 1 of Pub. 590-A.

To be a Roth IRA, the account or annuity must be designated as a Roth IRA when it is opened. A deemed IRA can be a Roth IRA. Beginning in tax year 2023, both a SEP or SIMPLE IRA can be designated as a Roth IRA.

Unlike a traditional IRA, you can't deduct contributions to a Roth IRA. But, if you satisfy the requirements, qualified distributions (discussed later) are tax free. You can leave amounts in your Roth IRA as long as you live.

When Can a Roth IRA Be Opened?

You can open a Roth IRA at any time. However, the time for making contributions for any year is limited. See *When Can You Make Contributions* under *Can You Contribute to a Roth IRA?* next.

Can You Contribute to a Roth IRA?

Generally, you can contribute to a Roth IRA if you have taxable compensation (defined

later) and your modified AGI (defined later) is less than:

- \$240,000 for married filing jointly or qualifying surviving spouse;
- \$161,000 for single, head of household, or married filing separately and you didn't live with your spouse at any time during the year; or
- \$10,000 for married filing separately and you lived with your spouse at any time during the year.



You may be eligible to claim a credit for contributions to your Roth IRA. For more information, see chapter 3 of Pub. 590-A.

Is there an age limit for contributions?

Contributions can be made to your Roth IRA regardless of your age.

Can you contribute to a Roth IRA for your spouse? You can contribute to a Roth IRA for your spouse provided the

contributions satisfy the Kay Bailey Hutchison Spousal IRA limit (discussed under *How Much Can Be Contributed*, earlier, under *Traditional IRAs*), you file jointly, and your modified AGI is less than \$240,000.

Compensation. Compensation includes wages, salaries, tips, professional fees, bonuses, and other amounts received for providing personal services. It also includes commissions, self-employment income, nontaxable combat pay, military differential pay, taxable alimony and separate maintenance payments, and taxable non-tuition fellowship and stipend payments.

See *What is compensation*, earlier, for more information.

Modified AGI. Your modified AGI for Roth IRA purposes is your AGI as shown on your return with some adjustments. Use Worksheet 9-2 to determine your modified AGI.

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Worksheet 9-2. **Modified AGI for Roth IRA Purposes**

Keep for Your Records



Use this worksheet to figure your modified AGI for Roth IRA purposes.

1.	Enter your AGI from Form 1040 or 1040-SR, line 11	1.	_____
2.	Enter any income resulting from the conversion of an IRA (other than a Roth IRA) to a Roth IRA (included on Form 1040 or 1040-SR, line 4b) and a rollover from a qualified retirement plan to a Roth IRA (included on Form 1040 or 1040-SR, line 5b)	2.	_____
3.	Subtract line 2 from line 1	3.	_____
4.	Enter any traditional IRA deduction from Schedule 1 (Form 1040), line 20	4.	_____
5.	Enter any student loan interest deduction from Schedule 1 (Form 1040), line 21	5.	_____
6.	Enter any foreign earned income and/or housing exclusion from Form 2555, line 45	6.	_____
7.	Enter any foreign housing deduction from Form 2555, line 50	7.	_____
8.	Enter any excludable savings bond interest from Form 8815, line 14	8.	_____
9.	Enter any excluded employer-provided adoption benefits from Form 8839, line 28	9.	_____
10.	Add the amounts on lines 3 through 9	10.	_____
11.	Enter: • \$240,000 if married filing jointly or qualifying surviving spouse, • \$10,000 if married filing separately and you lived with your spouse at any time during the year, or • \$161,000 for all others	11.	_____

Is the amount on line 10 more than the amount on line 11?
If yes, then see the **Note** below.
If no, then the amount on line 10 is your **modified AGI** for Roth IRA purposes.

Note. If the amount on line 10 is more than the amount on line 11 and you have other income or loss items, such as social security income or passive activity losses, that are subject to AGI-based phaseouts, you can refigure your AGI solely for the purpose of figuring your modified AGI for Roth IRA purposes. (If you receive social security benefits, use Worksheet 1 in Appendix B of Pub. 590-A to refigure your AGI.) Then, go to line 3 above in this Worksheet 9-2 to refigure your modified AGI. If you don't have other income or loss items subject to AGI-based phaseouts, your modified AGI for Roth IRA purposes is the amount on line 10.

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How Much Can Be Contributed?

The contribution limit for Roth IRAs generally depends on whether contributions are made only to Roth IRAs or to both traditional IRAs and Roth IRAs.

Roth IRAs only. If contributions are made only to Roth IRAs, your contribution limit is generally the lesser of the following amounts.

- \$7,000 (\$8,000 if you are 50 or older in 2024), or
- Your taxable compensation.

However, if your modified AGI is above a certain amount, your contribution limit may be reduced, as explained later under *Contribution limit reduced*.

Roth IRAs and traditional IRAs. If contributions are made to both Roth IRAs and traditional IRAs established for your benefit, your contribution limit for Roth IRAs is generally the same as your limit would be if

contributions were made only to Roth IRAs, but then reduced by all contributions for the year to all IRAs other than Roth IRAs.

Employer contributions under a SEP or SIMPLE IRA plan don't affect this limit.

This means that your contribution limit is generally the lesser of the following amounts.

- \$7,000 (\$8,000 if you are 50 or older in 2024) minus all contributions (other than employer contributions under a SEP or SIMPLE IRA plan) for the year to all IRAs other than Roth IRAs.
- Your taxable compensation minus all contributions (other than employer contributions under a SEP or SIMPLE IRA plan) for the year to all IRAs other than Roth IRAs.

However, if your modified AGI is above a certain amount, your contribution limit may be reduced, as explained next under *Contribution limit reduced*.

Table 9-3. **Effect of Modified AGI on Roth IRA Contribution**

This table shows whether your contribution to a Roth IRA is affected by the amount of your modified AGI.

IF you have taxable compensation and your filing status is...	AND your modified AGI is...	THEN...
Married filing jointly or Qualifying surviving spouse	less than \$230,000	you can contribute up to \$7,000 (\$8,000 if you are 50 or older in 2024).
	at least \$230,000 but less than \$240,000	the amount you can contribute is reduced as explained under <i>Contribution limit reduced</i> in chapter 2 of Pub. 590-A.
	\$240,000 or more	you can't contribute to a Roth IRA.
Married filing separately and you lived with your spouse at any time during the year	zero (-0-)	you can contribute up to \$7,000 (\$8,000 if you are 50 or older in 2024).
	more than zero (-0-) but less than \$10,000	the amount you can contribute is reduced as explained under <i>Contribution limit reduced</i> in chapter 2 of Pub. 590-A.
	\$10,000 or more	you can't contribute to a Roth IRA.
Single, Head of household, or Married filing separately and you didn't live with your spouse at any time during the year	less than \$146,000	you can contribute up to \$7,000 (\$8,000 if you are 50 or older in 2024).
	at least \$146,000 but less than \$161,000	the amount you can contribute is reduced as explained under <i>Contribution limit reduced</i> in chapter 2 of Pub. 590-A.
	\$161,000 or more	you can't contribute to a Roth IRA.

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Contribution limit reduced. If your modified AGI is above a certain amount, your contribution limit is gradually reduced. Use Table 9-3 to determine if this reduction applies to you.

Figuring the reduction. If the amount you can contribute to your Roth IRA is reduced, see Worksheet 2-2 under *Can You Contribute to a Roth IRA?* in chapter 2 of Pub. 590-A for how to figure the reduction.

When Can You Make Contributions?

You can make contributions to a Roth IRA for a year at any time during the year or by the due date of your return for that year (not including extensions).



You can make contributions for 2024 by the due date (not including extensions) for filing your 2024 tax return.

What if You Contribute Too Much?

A 6% excise tax applies to any excess contribution to a Roth IRA.

Excess contributions. These are the contributions to your Roth IRAs for a year that equal the total of:

1. Amounts contributed for the tax year to your Roth IRAs (other than amounts properly and timely rolled over from a Roth IRA or properly converted from a traditional IRA or rolled over from a qualified retirement plan, as described later) that are more than your contribution limit for the year; plus
2. Any excess contributions for the preceding year, reduced by the total of:
 - a. Any distributions out of your Roth IRAs for the year, plus

- b. Your contribution limit for the year minus your contributions to all your IRAs for the year.

Withdrawal of excess contributions. For purposes of determining excess contributions, any contribution that is withdrawn on or before the due date (including extensions) for filing your tax return for the year is treated as an amount not contributed. This treatment applies only if any earnings on the contributions are also withdrawn. The earnings are considered to have been earned and received in the year the excess contribution was made.

Applying excess contributions. If contributions to your Roth IRA for a year were more than the limit, you can apply the excess contribution in one year to a later year if the contributions for that later year are less than the maximum allowed for that year.

Can You Move Amounts Into a Roth IRA?

You may be able to convert amounts from either a traditional, SEP, or SIMPLE IRA into a Roth IRA. You may be able to roll amounts over from a qualified retirement plan to a Roth IRA. You may be able to recharacterize contributions made to one IRA as having been made directly to a different IRA. You can roll amounts over from a designated Roth account or from one Roth IRA to another Roth IRA.

Conversions

You can convert a traditional IRA to a Roth IRA. The conversion is treated as a rollover, regardless of the conversion method used. Most of the rules for rollovers, described earlier under *Rollover From One IRA Into Another* under *Traditional IRAs*, apply to these rollovers. However, the 1-year waiting period doesn't apply.

Conversion methods. You can convert amounts from a traditional IRA to a Roth IRA in any of the following ways.

- ***Rollover.*** You can receive a distribution from a traditional IRA and roll it over (contribute it) to a Roth IRA within 60 days after the distribution.
- ***Trustee-to-trustee transfer.*** You can direct the trustee of the traditional IRA to transfer an amount from the traditional IRA to the trustee of the Roth IRA.
- ***Same trustee transfer.*** If the trustee of the traditional IRA also maintains the Roth IRA, you can direct the trustee to transfer an amount from the traditional IRA to the Roth IRA.

Same trustee. Conversions made with the same trustee can be made by redesignating the traditional IRA as a Roth IRA, rather than opening a new account or issuing a new contract.

Rollover from a qualified retirement plan into a Roth IRA. You can roll over into a Roth IRA all or part of an eligible rollover distribution you receive from your (or your deceased spouse's):

- Employer's qualified pension, profit-sharing, or stock bonus plan;
- Annuity plan;
- Tax-sheltered annuity plan (section 403(b) plan); or
- Governmental deferred compensation plan (section 457 plan).

Any amount rolled over is subject to the same rules as those for converting a traditional IRA into a Roth IRA. Also, the rollover contribution must meet the rollover requirements that apply to the specific type of retirement plan.

Income. You must include in your gross income distributions from a qualified retirement plan that you would have had to

include in income if you hadn't rolled them over into a Roth IRA. You don't include in gross income any part of a distribution from a qualified retirement plan that is a return of basis (after-tax contributions) to the plan that was taxable to you when paid. These amounts are normally included in income on your return for the year of the rollover from the qualified employer plan to a Roth IRA.



If you must include any amount in your gross income, you may have to increase your withholding or make estimated tax payments. See Pub. 505, Tax Withholding and Estimated Tax.

For more information, see *Rollover From Employer's Plan Into a Roth IRA* in chapter 2 of Pub. 590-A.

Converting from a SIMPLE IRA. Generally, you can convert an amount in your SIMPLE IRA to a Roth IRA under the same rules explained earlier under *Converting From Any*

Traditional IRA to a Roth IRA under *Traditional IRAs*.

However, you can't convert any amount distributed from the SIMPLE IRA plan during the 2-year period beginning on the date you first participated in any SIMPLE IRA plan maintained by your employer.

More information. For more detailed information on conversions, see *Can You Move Amounts Into a Roth IRA?* in chapter 2 of Pub. 590-A.

Rollover From a Roth IRA

You can withdraw, tax free, all or part of the assets from one Roth IRA if you contribute them within 60 days to another Roth IRA. Most of the rules for rollovers, explained earlier under *Rollover From One IRA Into Another* under *Traditional IRAs*, apply to these rollovers.

Rollover from designated Roth account. A rollover from a designated Roth account can only be made to another designated Roth account or to a Roth IRA. For more information about designated Roth accounts, see *Designated Roth accounts* under *Rollovers* in Pub. 575.

Are Distributions Taxable?

You don't include in your gross income qualified distributions or distributions that are a return of your regular contributions from your Roth IRA(s). You also don't include distributions from your Roth IRA that you roll over tax free into another Roth IRA. You may have to include part of other distributions in your income. See *Ordering rules for distributions*, later.

What are qualified distributions? A qualified distribution is any payment or distribution from your Roth IRA that meets the following requirements.

1. It is made after the 5-year period beginning with the first tax year for which a contribution was made to a Roth IRA set up for your benefit.
2. The payment or distribution is:
 - a. Made on or after the date you reach age 59^{1/2},
 - b. Made because you are disabled,
 - c. Made to a beneficiary or to your estate after your death, or
 - d. To pay up to \$10,000 (lifetime limit) of certain qualified first-time homebuyer amounts. See *First home* under *What Acts Result in Penalties or Additional Taxes?* in chapter 1 of Pub. 590-B for more information.

Additional tax on distributions of conversion and certain rollover contributions within 5-year period. If, within the 5-year period starting with the first day of your tax year in which you convert an amount from a traditional IRA or roll over an amount from a qualified retirement plan to a Roth IRA, you take a distribution from a Roth IRA, you may have to pay the 10% additional tax on early distributions. You must generally pay the 10% additional tax on any amount attributable to the part of the amount converted or rolled over (the conversion or rollover contribution) that you had to include in income. A separate 5-year period applies to each conversion and rollover. See Ordering rules for distributions, later, to determine the amount, if any, of the distribution that is attributable to the part of the conversion or rollover contribution that you had to include in income.

Additional tax on other early distributions. Unless an exception applies, you must pay the 10% additional tax on the taxable part of any distributions that aren't qualified distributions. See Pub. 590-B for more information.

Ordering rules for distributions. If you receive a distribution from your Roth IRA that isn't a qualified distribution, part of it may be taxable. There is a set order in which contributions (including conversion contributions and rollover contributions from qualified retirement plans) and earnings are considered to be distributed from your Roth IRA. Regular contributions are distributed first. See *Ordering Rules for Distributions* under *Are Distributions Taxable?* in chapter 2 of Pub. 590-B for more information.

Must you withdraw or use Roth IRA assets? You aren't required to take distributions from your Roth IRA at any age. The minimum distribution rules that apply to

traditional IRAs don't apply to Roth IRAs while the owner is alive. However, after the death of a Roth IRA owner, certain minimum distribution rules that apply to traditional IRAs also apply to Roth IRAs.

More information. For more detailed information on Roth IRAs, see chapter 2 of Pub. 590-A and Pub. 590-B.

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Part Three

Standard Deduction, Itemized Deductions, and Other Deductions

After you have figured your adjusted gross income, you are ready to subtract the deductions used to figure taxable income. You can subtract either the standard deduction or itemized deductions, and, if you qualify, the qualified business income deduction. Itemized deductions are deductions for certain expenses that are listed on Schedule A (Form 1040). The three chapters in this part discuss the standard deduction and certain itemized deductions. See chapter 10 for the factors to consider when deciding whether to take the standard deduction or itemized deductions.

The Form 1040 and 1040-SR schedules that are discussed in these chapters are:

- *Schedule 1, Additional Income and Adjustments to Income;*
- *Schedule 2, Part II, Other Taxes; and*
- *Schedule 3, Part I, Nonrefundable Credits*

10.

Standard Deduction

What's New

Standard deduction increased. The standard deduction for taxpayers who don't itemize their deductions on Schedule A (Form 1040) has increased. The amount of your standard deduction depends on your filing status and other factors. Use the 2024 Standard Deduction Tables near the end of this chapter to figure your standard deduction.

Introduction

This chapter discusses the following topics.

- How to figure the amount of your standard deduction.
- The standard deduction for dependents.
- Who should itemize deductions.

Most taxpayers have a choice of either taking a standard deduction or itemizing their deductions. If you have a choice, you can use the method that gives you the lower tax.

The standard deduction is a dollar amount that reduces your taxable income. It is a benefit that eliminates the need for many taxpayers to itemize actual deductions, such as medical expenses, charitable contributions, and taxes, on Schedule A (Form 1040).

The standard deduction is higher for taxpayers who:

- Are 65 or older, or

- Are blind.



You benefit from the standard deduction if your standard deduction is more than the total of your allowable itemized deductions.

Persons not eligible for the standard deduction. Your standard deduction is zero and you should itemize any deductions you have if:

- Your filing status is married filing separately, and your spouse itemizes deductions on their return;
- You are filing a tax return for a short tax year because of a change in your annual accounting period; or
- You are a nonresident or dual-status alien during the year. You are considered a dual-status alien if you were both a nonresident and resident alien during the year.

If you are a nonresident alien who is married to a U.S. citizen or resident alien at the end of the year, you can choose to be treated as a U.S. resident. (See Pub. 519.) If you make this choice, you can take the standard deduction.



If you can be claimed as a dependent on another person's return (such as your parents' return), your standard deduction may be limited. See Standard Deduction for Dependents, later.

Useful Items

You may want to see:

Publication

- ☐ **501** Dependents, Standard Deduction, and Filing Information
- ☐ **502** Medical and Dental Expenses
- ☐ **526** Charitable Contributions
- ☐ **530** Tax Information for Homeowners

- ☐ **547** Casualties, Disasters, and Thefts
- ☐ **550** Investment Income and Expenses
- ☐ **936** Home Mortgage Interest Deduction
- ☐ **970** Tax Benefits for Education

Form (and Instructions)

Schedule A (Form 1040) Itemized Deductions

Standard Deduction Amount

The standard deduction amount depends on your filing status, whether you are 65 or older or blind, and whether another taxpayer can claim you as a dependent. Generally, the standard deduction amounts are adjusted each year for inflation. The standard deduction amounts for most people are shown in Table 10-1.

Decedent's final return. The standard deduction for a decedent's final tax return is the same as it would have been had the decedent continued to live. However, if the decedent wasn't 65 or older at the time of death, the higher standard deduction for age can't be claimed.

Higher Standard Deduction for Age (65 or Older)

If you are age 65 or older on the last day of the year and don't itemize deductions, you are entitled to a higher standard deduction. You are considered 65 on the day before your 65th birthday. Therefore, you can take a higher standard deduction for 2024 if you were born before January 2, 1960.

Use Table 10-2 to figure the standard deduction amount.

Death of a taxpayer. If you are preparing a return for someone who died in 2024, read this before using Table 10-2 or Table 10-3.

Consider the taxpayer to be 65 or older at the end of 2024 only if they were 65 or older at the time of death. Even if the taxpayer was born before January 2, 1960, they are not considered 65 or older at the end of 2024 unless they were 65 or older at the time of death.

A person is considered to reach age 65 on the day before their 65th birthday.

Higher Standard Deduction for Blindness

If you are blind on the last day of the year and you don't itemize deductions, you are entitled to a higher standard deduction.

Not totally blind. If you aren't totally blind, you must get a certified statement from an eye doctor (ophthalmologist or optometrist) that:

- You can't see better than 20/200 in the better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition isn't likely to improve beyond these limits, the statement should include this fact. Keep the statement in your records.

If your vision can be corrected beyond these limits only by contact lenses that you can wear only briefly because of pain, infection, or ulcers, you can take the higher standard deduction for blindness if you otherwise qualify.

Spouse 65 or Older or Blind

You can take the higher standard deduction if your spouse is age 65 or older or blind and:

- You file a joint return, or

- You file a separate return and your spouse had no gross income and can't be claimed as a dependent by another taxpayer.

Death of a spouse. If your spouse died in 2024 before reaching age 65, you can't take a higher standard deduction because of your spouse. Even if your spouse was born before January 2, 1960, your spouse isn't considered 65 or older at the end of 2024 unless your spouse was 65 or older at the time of death.

A person is considered to reach age 65 on the day before their 65th birthday.

Example. Your spouse was born on February 14, 1959, and died on February 13, 2024. Your spouse is considered age 65 at the time of death. However, if your spouse died on February 12, 2024, your spouse isn't considered age 65 at the time of death and isn't 65 or older at the end of 2024.



You can't claim the higher standard deduction for an individual other than yourself and your spouse.

Higher Standard Deduction for Net Disaster Loss

Your standard deduction may be increased by any net qualified disaster loss.

See the Instructions for Form 1040 and the Instructions for Schedule A (Form 1040) for more information on how to figure your increased standard deduction and how to report it on Form 1040 or 1040-SR.

Examples

The following examples illustrate how to determine your standard deduction using Tables 10-1 and 10-2.

Example 1. A married couple, 46 and 33 years old, are filing a joint return for 2024. Neither is blind, and neither can be claimed as a dependent. They decide not to itemize

their deductions. They use Table 10-1. Their standard deduction is \$29,200.

Example 2. The facts are the same as in *Example 1*, except that one of the spouses is blind at the end of 2024. They use Table 10-2. Their standard deduction is \$30,750.

Example 3. A married couple is filing a joint return for 2024. Both are over age 65. Neither is blind, and neither can be claimed as a dependent. If they don't itemize deductions, they use Table 10-2. Their standard deduction is \$32,300.

Standard Deduction for Dependents

The standard deduction for an individual who can be claimed as a dependent on another person's tax return is generally limited to the greater of:

- \$1,300, or

- The individual's earned income for the year plus \$450 (but not more than the regular standard deduction amount, generally \$14,600).

However, if the individual is 65 or older or blind, the standard deduction may be higher.

If you (or your spouse, if filing jointly) can be claimed as a dependent on someone else's return, use Table 10-3 to determine your standard deduction.

Earned income defined. Earned income is salaries, wages, tips, professional fees, and other amounts received as pay for work you actually perform.

For purposes of the standard deduction, earned income also includes any part of a taxable scholarship or fellowship grant. See chapter 1 of Pub. 970 for more information on what qualifies as a scholarship or fellowship grant.

Example 1. You are 16 years old and single. Your parents can claim you as a dependent on their 2024 tax return. You have interest income of \$780 and wages of \$150. You have no itemized deductions and use Table 10-3 to find your standard deduction. You enter \$150 (earned income) on line 1, \$600 (\$150 + \$450) on line 3, \$1,300 (the larger of \$600 and \$1,300) on line 5, and \$14,600 on line 6. Your standard deduction, on line 7a, is \$1,300 (the smaller of \$1,300 and \$14,600).

Example 2. You are a 22-year-old college student and can be claimed as a dependent on your parents' 2024 tax return. You are married filing a separate return. Your spouse doesn't itemize deductions. You have \$1,500 in interest income and wages of \$3,800 and no itemized deductions. You find your standard deduction by using Table 10-3. You enter earned income, \$3,800, on line 1. You add lines 1 and 2 and enter \$4,250 (\$3,800 + \$450) on line 3. On line 5, you enter \$4,250,

the larger of lines 3 and 4. Because you are married filing a separate return, you enter \$14,600 on line 6. On line 7a, you enter \$4,250 as the standard deduction amount because it is smaller than \$14,600, the amount on line 6.

Example 3. You are single and can be claimed as a dependent on your parents' 2024 tax return. You are 18 years old and blind and have interest income of \$1,300, wages of \$2,900, and no itemized deductions. You use Table 10-3 to find the standard deduction amount. You enter wages of \$2,900 on line 1, and add lines 1 and 2 and enter \$3,350 ($\$2,900 + \450) on line 3. On line 5, you enter \$3,350, the larger of lines 3 and 4. Because you are single, you enter \$14,600 on line 6 and \$3,350 on line 7a. This is the smaller of the amounts on lines 5 and 6. Because you checked one box in the top part of the worksheet, you enter \$1,950 on line 7b, then add the amounts on lines 7a and 7b

and enter the standard deduction amount of \$5,300 ($\$3,350 + \$1,950$) on line 7c.

Example 4. You are 18 years old and single and can be claimed as a dependent on your parents' 2024 tax return. You have wages of \$7,000, interest income of \$500, a business loss of \$3,000, and no itemized deductions. You use Table 10-3 to figure the standard deduction amount. You enter \$4,000 ($\$7,000 - \$3,000$) on line 1, and add lines 1 and 2 and enter \$4,450 ($\$4,000 + \450) on line 3. On line 5, you enter \$4,450, the larger of lines 3 and 4, and, because you are single, \$14,600 on line 6. On line 7a, you enter \$4,450 as the standard deduction amount because it is smaller than \$14,600, the amount on line 6.

Who Should Itemize

You should itemize deductions if your total deductions are more than your standard deduction amount. Also, you should itemize if

you don't qualify for the standard deduction, as discussed earlier under *Persons not eligible for the standard deduction.*

You should first figure your itemized deductions and compare that amount to your standard deduction to make sure you are using the method that gives you the greater benefit.

When to itemize. You may benefit from itemizing your deductions on Schedule A (Form 1040) if you:

- Don't qualify for the standard deduction,
- Had large uninsured medical and dental expenses during the year,
- Paid interest and taxes on your home,
- Had large uninsured casualty or theft losses,
- Made large contributions to qualified charities, or

- Have total itemized deductions that are more than the standard deduction to which you are otherwise entitled.

These deductions are explained in chapter 11 and in the publications listed under *Useful Items*, earlier.

If you decide to itemize your deductions, complete Schedule A (Form 1040) and attach it to your Form 1040 or 1040-SR. Enter the amount from Schedule A (Form 1040), line 17, on Form 1040 or 1040-SR, line 12.

Electing to itemize for state tax or other purposes. Even if your itemized deductions are less than your standard deduction, you can elect to itemize deductions on your federal return rather than taking the standard deduction. You may want to do this if, for example, the tax benefit of itemizing your deductions on your state tax return is greater than the tax benefit you lose on your federal return by not taking the standard deduction.

To make this election, you must check the box on line 18 of Schedule A (Form 1040).

Changing your mind. If you don't itemize your deductions and later find that you should have itemized—or if you itemize your deductions and later find you shouldn't have—you can change your return by filing Form 1040-X, Amended U.S. Individual Income Tax Return. See *Amended Returns and Claims for Refund* in chapter 1 for more information on amended returns.

Married persons who filed separate returns. You can change methods of taking deductions only if you and your spouse both make the same changes. Both of you must file a consent to assessment for any additional tax either one may owe as a result of the change.

You and your spouse can use the method that gives you the lower total tax, even though one of you may pay more tax than you would have paid by using the other method. You both must use the same method of claiming deductions. If one itemizes deductions, the other should itemize because they won't qualify for the standard deduction. See *Persons not eligible for the standard deduction*, earlier.

2024 Standard Deduction Tables



If you are married filing a separate return and your spouse itemizes deductions, or if you are a dual-status alien, you can't take the standard deduction even if you were born before January 2, 1960, or are blind.

Table 10-1. Standard Deduction Chart for Most People*

IF your filing status is...	THEN your standard deduction is...
Single or Married filing separately	\$14,600
Married filing jointly or Qualifying surviving spouse	29,200
Head of household	21,900
* Don't use this chart if you were born before January 2, 1960, are blind, or if someone else can claim you (or your spouse, if filing jointly) as a dependent. Use Table 10-2 or 10-3 instead.	

Table 10-2. Standard Deduction Chart for People Born Before January 2, 1960, or Who Are Blind*

Check the correct number of boxes below. Then go to the chart.

You:

Born before January 2, 1960

☐

Blind

☐

Your spouse:

Born before January 2, 1960

☐

Blind

☐

Total number of boxes checked

☐

IF your filing status is...	AND the number in the box above is...	THEN your standard deduction is...
Single	1	\$16,550
	2	18,500
Married filing jointly	1	\$30,750
	2	32,300
	3	33,850
	4	35,400
Qualifying surviving spouse	1	\$30,750
	2	32,300
Married filing separately**	1	\$16,150
	2	17,700
	3	19,250
	4	20,800
Head of household	1	\$23,850
	2	25,800

* If someone else can claim you (or your spouse, if filing jointly) as a dependent, use Table 10-3 instead.

** You can check the boxes for *Your Spouse* if your filing status is married filing separately and your spouse had no income, isn't filing a return, and can't be claimed as a dependent on another person's return.

Table 10-3. Standard Deduction Worksheet for Dependents

Use this worksheet only if someone else can claim you (or your spouse, if filing jointly) as a dependent.

Check the correct number of boxes below. Then go to the worksheet.	
You:	Born before January 2, 1960 <input type="checkbox"/> Blind <input type="checkbox"/>
Your spouse:	Born before January 2, 1960 <input type="checkbox"/> Blind <input type="checkbox"/>
Total number of boxes checked <input type="checkbox"/>	
1. Enter your earned income (defined below). If none, enter -0-.	1. _____
2. Additional amount.	2. _____ \$450
3. Add lines 1 and 2.	3. _____
4. Minimum standard deduction.	4. _____ \$1,300
5. Enter the larger of line 3 or line 4.	5. _____
6. Enter the amount shown below for your filing status. <ul style="list-style-type: none">• Single or Married filing separately—\$14,600• Married filing jointly—\$29,200• Head of household—\$21,900	6. _____
7. Standard deduction. <ul style="list-style-type: none">a. Enter the smaller of line 5 or line 6. If born after January 1, 1960, and not blind, stop here. This is your standard deduction. Otherwise, go on to line 7b.b. If born before January 2, 1960, or blind, multiply \$1,950 (\$1,550 if married) by the number in the box above.c. Add lines 7a and 7b. This is your standard deduction for 2024.	7a. _____ 7b. _____ 7c. _____
<i>Earned income includes wages, salaries, tips, professional fees, and other compensation received for personal services you performed. It also includes any taxable scholarship or fellowship grant.</i>	

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