

IDAHO RETIREMENT BENEFITS DEDUCTION – 1099R

All or a portion of certain retirement annuities and benefits may be deducted by full-year residents who are age 65 or older, or age 62 or older and disabled. The retirement annuities eligible for this deduction on the Idaho State return include:

- a) Military retirement,
- b) Civil Service Retirement System (CSRS if the account number begins with 0,1,2,3 or 4*)
- c) Idaho's firemen's retirement fund (not PERSI)
- d) Policemen's retirement fund of an Idaho city (not PERSI)

If you receive retirement income from the Military, U.S. Civil Service, Idaho's firemen's retirement fund, or Policeman's retirement, compute the allowable deduction on ID Form 39R.

1. Go to the State menu in TaxSlayer, and click on "State Deductions from Income"
2. Click on "Retirement Benefits Deduction"
3. Enter total Tier 1 Federal Rail Road Benefits received (flows to line B 8a)
4. Enter total Social Security benefits received (flows to line B 8b)
5. Enter taxable retirement 1099 income (flows to Line B 8c (Civil Service, police, fireman, and military service))

The first digit of a CSA 1099-R claim number indicates whether the benefits are paid out of the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS):

- **0, 1, 2, 3, or 4:** The benefits are paid out of CSRS
- **7 or 9:** The benefits are paid out of FERS and don't qualify for the Qualified Retirement Benefits Deduction
- **8:** The benefits are paid out of both CSRS and FERS, and only the portion paid from CSRS qualifies for the deduction. Review the Notice of Annuity Adjustment to determine the amounts paid under each system.

* Note 1: If the account number begins with 7 or 8, it is Federal Employees Retirement System (FERS) and does not qualify for this deduction.

Note 2: TaxSlayer carries taxable Social Security, Tier 1 and Tier II Railroad benefits to Form ID 39R Section B as a subtraction from income. TaxSlayer does not carry total Tier I Railroad benefits or total Social Security benefits to compute the line B 8d retirement benefit calculation.

Note 3: If you are using the Idaho state tax return in conjunction with another state tax return, you must use ID Form 43. TaxSlayer does not carry retirement benefits (or any other non-wage income) from the federal return to part year and nonresident state returns. The portion of retirement benefits (and any other non-wage income) taxable to each state must be entered

separately for part year resident returns using TaxSlayer state menus. Some states do not exclude all or a portion of retirement benefits from taxable state income. Tax laws for other states can be found in the Additional Links section of the TaxAide Idaho website.