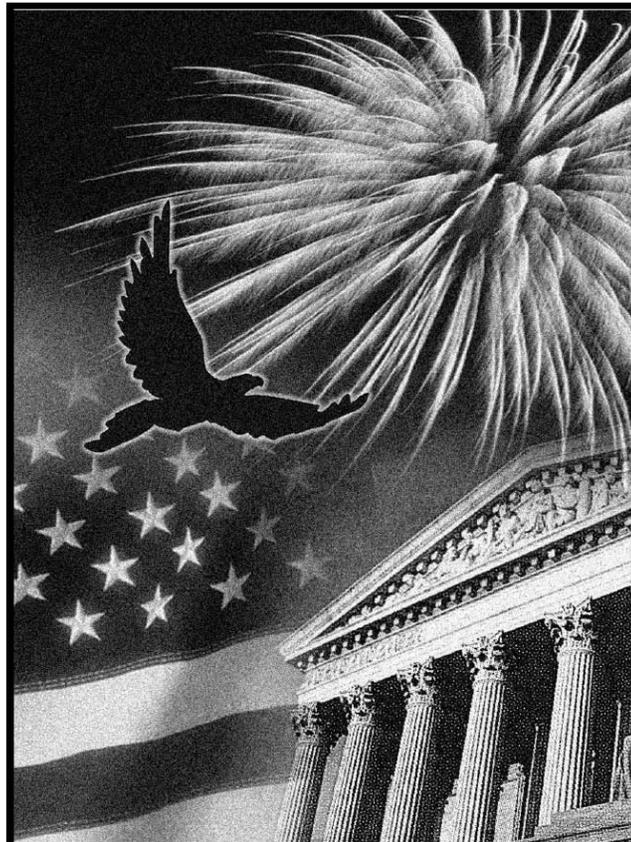


Publication 3920

Tax Relief for Victims of Terrorist Attacks



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Future Developments

For the latest information about developments related to Publication 3920, such as legislation enacted after it was published, go to www.irs.gov/pub3920.

Introduction

This publication explains some of the provisions of the Victims of Terrorism Tax Relief Act of 2001. Under this Act, the following amounts are not included in income. (See *Payments to Survivors*, later, for details about the following amounts.)

- Certain disability payments received in tax years ending after September 10, 2001, for injuries sustained in a terrorist attack.

- Payments from the September 11th Victim Compensation Fund of 2001.
- Qualified disaster relief payments made after September 10, 2001, to cover personal, family, living, or funeral expenses incurred because of a terrorist attack.
- Death benefits paid by an employer to the survivor of an employee if the benefits are paid because the employee died as a result of a terrorist attack.

The Act also provides that the federal income tax liability of those who died as a result of the following attacks is forgiven for certain tax years.

- The September 11, 2001, attacks on the World Trade Center, the Pentagon, and United Airlines Flight 93 in Somerset County, Pennsylvania (**September 11 attacks**).
- Terrorist attacks involving anthrax occurring after September 10, 2001, and before January 1, 2002 (**anthrax attacks**).

- The April 19, 1995, attack on the Alfred P. Murrah Federal Building (**Oklahoma City attack**).

For details, see *Tax Forgiveness for People Who Died*, later.

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- In English—7 a.m. to 7 p.m. local time.
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Other tax questions. If you have tax questions about topics **not** covered in this publication, check the information available on IRS.gov or call 1-800-829-1040.



We cannot answer tax questions sent to either of the above addresses.

Useful Items

You may want to see:

Publication

- 556** Examination of Returns, Appeal Rights, and Claims for Refund
- 559** Survivors, Executors, and Administrators

Form (and Instructions)

- 706** United States Estate (and Generation-Skipping Transfer) Tax Return
- 1040** U.S. Individual Income Tax Return
- 1040NR** U.S. Nonresident Alien Income Tax Return
- 1040X** Amended U.S. Individual Income Tax Return
- 1041** U.S. Income Tax Return for Estates and Trusts

1310 Statement of Person Claiming Refund Due a Deceased Taxpayer

4506 Request for Copy of Tax Return

Payments to Survivors

The following section discusses the tax treatment of certain amounts received by survivors of the attacks and survivors of people who died as a result of the attacks.

September 11th Victim Compensation Fund of 2001

Payments from the September 11th Victim Compensation Fund of 2001 are not included in income.

Disability Payments

For tax years ending after September 10, 2001, disability payments (including Social Security Disability Insurance (SSDI) payments) are not included in income if they are for injuries incurred as a direct result of a terrorist attack (including the September 11 attacks, anthrax attacks, and Oklahoma City attack) directed against the United States (or

its allies). However, you must include in your income any disability payments you received or you would have received in retirement had you not become disabled as a result of a terrorist attack.



*Disability payments you receive for injuries **not** incurred as a direct result of a terrorist attack or for illnesses or diseases **not** resulting from an injury incurred as a direct result of a terrorist attack **cannot** be excluded from your income under this provision but may be excludable for other reasons. For details, see Publication 907, *Tax Highlights for Persons with Disabilities*.*

Example. Dan, a firefighter, was disabled as a direct result of the September 11 terrorist attack on the World Trade Center. He began receiving Social Security Disability Insurance (SSDI) benefits at age 54. Dan's full retirement age for social security retirement benefits is age 66. Dan's birthday is April 25. In the year Dan turned 66, Dan received \$1,500 per month in benefits from the Social Security Administration. Because Dan became eligible for a full retirement benefit in May,

the month after he turned 66, he can exclude only four months of his annual benefit from his income (\$6,000). Dan must report the remaining \$12,000 on Form 1040, line 20a, or Form 1040A, line 14a. He also must complete the Social Security Benefits Worksheet in his tax return instructions to find out if any part of the \$12,000 is taxable.

When nontaxable payments are reported as taxable. Contact the company or agency making the disability payments if it incorrectly reported payments you received in the prior year as taxable income to the IRS on Form W-2, Wage and Tax Statement, or on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Ask the company or agency to issue a corrected form to report some or all of these payments as nontaxable income in box 12 (under code J) on Form W-2 or in box 1 but not in box 2a on Form 1099-R.

File Form 1040X to correct disability payments that were incorrectly reported as taxable income on your previously filed tax

returns. Attach copies of the corrected Form W-2 or Form 1099-R. In Part III of Form 1040X, mention this publication or Internal Revenue Code section 104(a)(5). If you are unable to obtain a corrected Form W-2 or Form 1099-R, mention this fact in Part III of Form 1040X and attach documents that support your claim that you received the disability payments due to injuries you sustained as a direct result of a terrorist attack. Follow the same procedures when filing Form 1040 or Form 1040NR, except that you should explain on a separate sheet of paper your inability to get a corrected Form W-2 or Form 1099-R and attach it to the return.

If you are correcting disability payments for a decedent who is eligible for tax forgiveness (discussed later), consider whether to request only forgiveness for all income tax liabilities for all eligible years on Form 1040X or also state a separate claim for refund on the same Form 1040X for the disability payments incorrectly reported as taxable income. The income tax forgiveness available for the decedent includes a minimum amount of

relief of \$10,000. Accordingly, you may receive a greater total refund by correcting the prior reporting of disability payments separately from any request for tax forgiveness when the total tax forgiveness benefit other than for disability payments for all eligible years is less than \$10,000.



Refunds of disability payments that were incorrectly reported as taxable income are subject to the statute of limitations rules for refunds discussed later under Period for filing a claim for credit or refund.

Example. A policeman is disabled as a direct result of injuries sustained in the September 11 attack on the World Trade Center. He timely filed his Form 1040 income tax returns for 2012 and 2013. In 2014, he received corrected Forms 1099-R from his employer showing \$12,000 of the payments he received in 2012 and \$5,000 of those received in 2013, which had been reported as taxable, should have been classified as nontaxable disability payments. The policeman files a Form 1040X for 2012 and a separate one for

2013 asking the IRS to re-classify the payments as nontaxable. He attaches the corrected Form 1099-R to each Form 1040X. He writes "Publication 3920" in Part III of each Form 1040X.

When taxes are incorrectly withheld. If you receive SSDI payments for injuries you incurred as a direct result of a terrorist attack, you may submit Form W-4V, Voluntary Withholding Request, to your local Social Security Administration office by mail or in person to stop the withholding of income taxes from the SSDI excluded from your income.

If income taxes are being incorrectly withheld from any other disability payments, you may submit Form W-4, Employee's Withholding Allowance Certificate, to the company or agency to stop the withholding of income taxes from payments reported on Form W-2. You may submit Form W-4P, Withholding Certificate for Pension or Annuity Payments, to stop the withholding of income taxes from payments reported on Form 1099-R.

Qualified Disaster Relief Payments

Qualified disaster relief payments are not included in income. These payments are not subject to income tax, self-employment tax, or employment taxes (social security, Medicare, and federal unemployment taxes). No withholding applies to these payments.

Qualified disaster relief payments include payments you receive (regardless of the source) after September 10, 2001, for the following expenses.

- Reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a terrorist attack.
- Reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence due to a terrorist attack. (A personal residence can be a rented residence or one you own.)
- Reasonable and necessary expenses incurred for the repair or replacement of the contents of a personal residence due to a terrorist attack.

Qualified disaster relief payments also include the following.

- Payments made by common carriers (for example, American Airlines and United Airlines regarding the September 11 attacks) because of death or physical injury incurred as a result of a terrorist attack.
- Amounts paid by a federal, state, or local government in connection with a terrorist attack to individuals affected by the attack.



Qualified disaster relief payments do not include:

- *Payments for expenses otherwise paid for by insurance or other reimbursements, or*
- *Income replacement payments, such as payments of lost wages, lost business income, or unemployment compensation.*

Death Benefits

Payments received by an individual or the estate of a decedent from the employer of an employee who died as a result of the

Oklahoma City or September 11 terrorist attacks, or as a result of the anthrax attacks, are not included in income. Only the amount that exceeds the benefits that would have been payable if the death had occurred for a reason other than a terrorist or anthrax attack is excludable. However, the exclusion does apply to incidental death benefits paid under a qualified retirement plan even if these amounts would have been payable if the death had occurred for a reason other than a terrorist or anthrax attack.



If you included death benefits in income on a previously filed return and they are now excludable under the above rule, file Form 1040X to amend that return. For information on the period for filing Form 1040X, see Period for filing a claim for credit or refund, later, under Years Eligible for Tax Forgiveness.

Payments to Survivors of Public Safety Officers

If you are a survivor of a public safety officer who died in the line of duty, certain amounts you receive are not included in income.

Bureau of Justice Assistance payments. If you are a surviving dependent of a public safety officer (law enforcement officer or firefighter) who died in the line of duty, do not include in your income the death benefit paid to you by the Bureau of Justice Assistance.

Government plan annuity. If you receive a survivor annuity as the child or spouse (or former spouse) of a public safety officer who was killed in the line of duty, you generally do not have to include it in income. This exclusion applies to the amount of the annuity based on the officer's service as a public safety officer.

For this purpose, the term ***public safety officer*** includes police and law enforcement officers, firefighters, and rescue squad and ambulance crews.

More information. For more information, see Publication 559.

Tax Forgiveness for People Who Died

The IRS will forgive the federal income tax liabilities of decedents who died as a result of wounds or injury sustained in the Oklahoma City or September 11 attacks or from illnesses or diseases arising from wounds or injuries sustained in these attacks. The IRS will also forgive the federal income tax liabilities of decedents who died as a result of illness incurred as a result of the anthrax attacks. Income tax is forgiven for these decedents whether they were killed in an attack or died later as a result of an at-tack or participating in rescue or recovery operations. Any forgiven tax liability owed to the IRS will not have to be paid. Any forgiven tax liability that has already been paid will be refunded if a claim is filed within the open refund period. (See *Period for filing a claim for credit or refund*, later.) To determine the amount of tax to be forgiven, read *Years*

Eligible for Tax Forgiveness first. Then read Amount of Tax Forgiven.



Decedents whose total tax forgiveness benefit for all eligible years is less than \$10,000 are entitled to \$10,000 minimum relief. Even decedents who were not required to file tax returns for the eligible tax years are entitled to \$10,000 minimum relief. See Minimum Amount of Relief, later, under Amount of Tax Forgiven.

Years Eligible for Tax Forgiveness

The following paragraphs explain which years are eligible for tax forgiveness.

September 11 attacks and anthrax attacks. For those who died as a result of these attacks, income tax is forgiven for 2000 and all later years up to and including the year of death. However, the law allows the IRS to refund taxes only for certain years. See Period for filing a claim for credit or refund below.

Oklahoma City attack. For those who died from this attack, income tax is forgiven for 1994 and all later years up to and including the year of death. However, the law allows the IRS to refund taxes only for certain years. See *Period for filing a claim for credit or refund* next.

Period for filing a claim for credit or refund. Although income tax forgiveness applies back to 2000 for the September 11 and anthrax attacks and to 1994 for the Oklahoma City attack, the law allows the IRS to refund taxes only for certain years.

To obtain a credit or refund for a year for which the decedent did not file an income tax return, you must file an income tax return (Form 1040 or Form 1040NR) within 3 years after the due date of the return (including extensions) or within 2 years after the date the decedent paid the tax, whichever is later.

To obtain a credit or refund on a previously filed income tax return (an original return), you must file an amended return (Form 1040X or amended Form 1041) within 3 years (including extensions) from the time the

return was filed or within 2 years after the time the tax was paid, whichever is later. If an original return was filed, the amount of the refund claimed on the amended return will be limited to the amount of tax paid within the 3 years preceding the date on which the amended return is filed. These rules reflect the statute of limitations for refunds, and are referred to throughout this publication as the open refund period.

If the original return was filed early (for example, on March 1 for a calendar year return), the return is considered filed on the due date (generally April 15). However, if the decedent had an extension to file (for example, until October 15) but filed the return earlier and the IRS received it July 1, the return is considered filed on July 1.

Note. The statute of limitations for refunds can be suspended for certain people who live in a federally declared disaster area or are physically or mentally unable to manage their financial affairs. For details, see Publication 556.

Example 1. Paul, a U.S. citizen, died in August 2014 as a result of wounds he sustained as a result of the September 11 attacks. He had income tax liabilities of \$17,500 for 2011, \$18,025 for 2012, and \$7,000 for 2013. Prior to his death, Paul filed his tax returns and paid his tax due on or before April 15 each year since the September 11 attacks. The total, \$42,525, plus any income tax liability for 2014, is eligible for tax forgiveness. His personal representative must request tax forgiveness by the following dates to claim a refund of the income tax liabilities Paul paid for each tax year.

- 2011 tax year – April 15, 2015.
- 2012 tax year – April 18, 2016.
- 2013 tax year – April 18, 2017.
- 2014 tax year – April 17, 2018.

Although the personal representative may request income tax forgiveness after these dates, no refund can be paid because 3 years will have passed from the date the original

return was filed and no payments will have been made within the open refund period.

Example 2. A child wounded in the September 11 attacks died in 2012 as a result of those wounds and never had any income tax liability. She qualifies for the minimum relief of \$10,000 as explained later under *Minimum Amount of Relief*. The \$10,000 is treated as a tax payment for 2012 and will be refunded if tax forgiveness is requested by April 18, 2016.

Amount of Tax Forgiven

The IRS will forgive the decedent's income tax liability as discussed earlier under *Years Eligible for Tax Forgiveness*. On a joint return, only the decedent's part of the joint income tax liability is eligible for forgiveness.

To figure the tax to be forgiven, use the following worksheets.

- Use Worksheet A for any eligible year the decedent filed a return as single, married filing separately, head of household, or qualifying widow(er).

- Use Worksheet B for any eligible year the decedent filed a joint return. Also see the illustrated Worksheet B near the end of this publication for a comprehensive example.



Do not complete Worksheet A or B if the decedent was not required to file tax returns for the eligible tax years. Instead, complete Worksheet C and file a return for the decedent's last tax year. See Minimum Amount of Relief, later.

Both spouses died. If both spouses died as a result of a terrorist attack and they filed a joint return for an eligible tax year, fill out Worksheet B for each spouse for that year. Do this to determine if each spouse qualifies for the minimum relief of \$10,000 (discussed later under Minimum Amount of Relief). If you are certain that neither spouse's total forgiven tax liability for all eligible years is less than \$10,000, skip Worksheet B. However, attach a computation of the forgiven tax liability to the final income tax return or amended tax return for each eligible year. The forgiven tax liability is the total tax

shown on the joint return minus the taxes listed in the instructions for line 4 of Worksheet B.

Residents of community property states.

If the decedent was domiciled in a community property state and the spouse reported half the community income on a separate return, the surviving spouse can get a refund of taxes paid on his or her share of the decedent's income for the eligible years. Also, all of the decedent's income taxes paid for the eligible years will be refunded to either the executor or administrator of the estate, or to the surviving spouse if there is no legal representative.

Worksheet A. **Figuring the Tax To Be Forgiven**

Keep for Your Records 

(For Decedents Who Filed a Return as Single, Married Filing Separately, Head of Household, or Qualifying Widow(er))

		(A) First Eligible Year	(B) Second Eligible Year	(C) Third Eligible Year	(D) Fourth Eligible Year
1	Enter the years eligible for tax forgiveness.	1			
2	Enter the total tax from the decedent's income tax return. See Table 1 , later, for the line number.	2			
3	Enter the following taxes, if any, shown on the decedent's income tax return. (These taxes are not eligible for forgiveness.)				
	a Self-employment tax.	3a			
	b Unreported social security and Medicare tax from Forms 4137 and 8919.	3b			
	c Tax on excess contributions to IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts (HSAs).	3c			
	d Tax on excess accumulation in qualified retirement plans.	3d			
	e Household employment taxes.	3e			
	f Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance.	3f			
	g Tax on golden parachute payments.	3g			
	h Health care: individual responsibility.	3h			
	i Additional Medicare Tax.	3i			
	j Net Investment Income Tax.	3j			
	k Excise tax on insider stock compensation from an expatriated corporation.	3k			
4	Add lines 3a through 3k.	4			
5	Tax adjustment to be reported with tax return. Subtract line 4 from line 2.	5			
6	Tax forgiveness benefit provided. Enter the amount from line 5 if filing your claim within 3 years from the due date of the return (including extensions). Otherwise, enter only the part of the tax from line 5 that is currently owed (not including interest and penalties) plus any payments made within the open refund period.	6			

Note. If the total of columns (A), (B), (C), and (D) of line 6 (including any amounts shown on line 16 of [Worksheet B](#)) is less than \$10,000, also complete [Worksheet C](#).

- Attach the computation of the tax to be forgiven or a copy of this worksheet to the decedent's final income tax return or amended tax return (Form 1040X) for each year listed on line 1.
- If filing Form 1040X for an eligible year, enter the amount from line 5 above on Form 1040X in column B of the "Total tax" line as a decrease in tax. The IRS will determine the amount to be refunded.

Worksheet B. Figuring the Tax To Be Forgiven

Keep for Your Records 

(For Decedents Who Filed a Joint Return)

		(A) First Eligible Year	(B) Second Eligible Year	(C) Third Eligible Year	(D) Fourth Eligible Year
1	Enter the years eligible for forgiveness.				
2	Enter the decedent's taxable income. Figure taxable income as if a separate return had been filed. See Lines 2 and 6 in the Worksheet B instructions.				
3	Enter the decedent's total tax . See Lines 3 and 7 in the Worksheet B instructions.				
4	Enter the total, if any, of the decedent's taxes not eligible for forgiveness. See Line 4 in the Worksheet B instructions.				
5	Subtract line 4 from line 3.				
6	Enter the surviving spouse's taxable income. Figure taxable income as if a separate return had been filed. See Lines 2 and 6 in the Worksheet B instructions.				
7	Enter the surviving spouse's total tax . See Lines 3 and 7 in the Worksheet B instructions.				
8	Enter the total, if any, of the surviving spouse's taxes listed under Line 4 in the Worksheet B instructions.				
9	Subtract line 8 from line 7.				
10	Add lines 5 and 9.				
11	Enter the total tax from the joint return. See Table 1 , later, for the line number.				
12	Add lines 4 and 8.				
13	Subtract line 12 from line 11.				
14	Divide line 5 by line 10. Enter the result as a decimal.				
15	Tax adjustment to be reported with tax return. Multiply line 13 by line 14 and enter the result.				
16	Tax forgiveness benefit provided. Enter the amount from line 15 if filing your claim within 3 years from the due date of the return (including extensions). Otherwise, enter only the part of the tax from line 15 that is currently owed (not including interest and penalties) plus any payments made within the open refund period.				

Note. If the total of columns (A), (B), (C), and (D) of line 16 (including any amounts shown on line 6 of [Worksheet A](#)) is less than \$10,000, also complete [Worksheet C](#).

- Attach the computation of the tax to be forgiven or a copy of this worksheet to the decedent's final income tax return or amended tax return (Form 1040X) for each year listed on line 1.
- If filing Form 1040X for an eligible year, enter the amount from line 15 above on Form 1040X in column B of the "Total tax" line as a decrease in tax. The IRS will determine the amount to be refunded.

Table 1. Total Tax Line on Decedent's Return

Note: Use this table to find the total tax line on the decedent's income tax return. Enter the total tax on Worksheet A, line 2, or Worksheet B, line 11.

Form	2011	2012	2013	2014
1040	Line 61	Line 61	Line 61	Line 63
1040A	Line 35	Line 35	Line 35	File Form 1040
1040EZ	Line 10	Line 10	Line 10	File Form 1040
1040NR	Line 60	Line 60	Line 60	Line 61
1040NR-EZ	Line 17	Line 17	Line 17	File Form 1040NR

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Instructions for Worksheet B

Lines 2 and 6. Allocate income and deductions in the same manner they would have been allocated if the spouses had filed separate returns.

Income. Allocate wages and salaries to the spouse who performed the services and received the Form W-2. Business and investment income (including capital gains) are generally allocated to the spouse who owned the business or investment that produced the income. If both spouses owned an interest in the business or investment, allocate the income in proportion to each spouse's ownership interest. Income from a jointly owned business or investment should be allocated equally between the spouses unless there is evidence that shows a different allocation is appropriate.

If the income (such as taxable social security benefits) is subject to special limits on a separate return, use the income shown on the joint return and allocate it between the spouses.

Deductions. Allocate personal deductions (such as itemized deductions for mortgage interest and taxes) equally between the spouses unless there is evidence that shows a different allocation is appropriate. Allocate deductions related to a business or investment according to the same allocation rules discussed above that apply to income.

If a deduction would not be allowed if separate returns were filed, use the deduction shown on the joint return and allocate that amount between the spouses. A similar rule applies to deductions (such as the IRA deduction) that are subject to special limits on a separate return. Use the deductions shown on the joint return and allocate them between the spouses.

Lines 3 and 7. Figure the total tax as if a separate return had been filed. The total tax is the tax that would have been entered on the tax return line shown in Table 1 if a separate return had been filed. When figuring the tax using the Tax Table or Tax Computation Worksheet, use the “Married

filing separately” column in the Tax Table or Section C of the Tax Computation Worksheet.

When figuring the total tax, allocate credits and other taxes, if any, in the same manner as they would have been allocated if the spouses had filed separate returns. If a credit would not have been allowed on a separate return, allocate the credit shown on the joint return between the spouses. Examples of credits generally not allowed on a separate return are the child and dependent care credit, credit for the elderly, adoption credit, education credits, and earned income credit.

Line 4. Enter the total, if any, of the following taxes.

- Self-employment tax.
- Unreported social security and Medicare tax from Forms 4137 and 8919.
- Tax on excess contributions to IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts (HSAs).

- Tax on excess accumulation in qualified retirement plans.
- Household employment taxes.
- Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance.
- Tax on golden parachute payments.
- Health care: individual responsibility.
- Additional Medicare Tax.
- Net Investment Income Tax.
- Excise tax on insider stock compensation from an expatriated corporation.

Minimum Amount of Relief

The minimum amount of relief is \$10,000. If the decedent's total tax forgiveness benefit for all eligible years is less than \$10,000, the difference between \$10,000 and the total tax forgiveness benefit provided will be treated as a tax payment for the decedent's last tax year. The IRS will refund the difference if the claim is filed within the open refund period for the decedent's last tax year as explained

earlier under Period for filing a claim for credit or refund. Use Worksheet C to figure the additional tax payment. But first complete Worksheet A or B if the decedent was required to file tax returns for any eligible tax years for which a tax liability is still owed to the IRS or for which the IRS will pay a refund of an amount already paid to the IRS.

Example 1. An individual who died in January 2014 as a result of wounds sustained in the September 11 attacks had an income tax liability of -0- for 2011, 2012, and 2013, and \$6,400 for 2014. The personal representative appointed after his death claims forgiveness for the \$6,400 with the IRS in 2015. The IRS will forgive the income tax liabilities for 2014 and treat the difference between \$10,000 and the \$6,400 benefit provided (\$3,600) as a tax payment for 2014.

Example 2. An individual who died in May 2014 as a result of wounds sustained in the September 11 attacks had an income tax liability of -0- for 2011, 2012, and 2013, and \$6,400 for 2014. The individual also had an outstanding income tax liability at the time of

death of \$3,000 for 2006, not counting interest or penalties. The personal representative appointed after death claims forgiveness for the \$3,000 and \$6,400 (\$9,400) with the IRS in 2015. The IRS will forgive the income tax liabilities for 2006 and 2014 and treat the difference between \$10,000 and the \$9,400 benefit provided (\$600) as a tax payment for 2014.

Example 3. A child who died in August 2014 as a result of wounds sustained in the September 11 attacks had no (-0-) income tax liability for 2011, 2012, 2013, or 2014. The IRS will treat \$10,000 as a tax payment for 2014 and will refund \$10,000 if a claim is filed within the open refund period.

Example 4. An individual who died in August 2014 as a result of wounds sustained in the September 11 attacks had income tax liabilities of \$17,500 for 2011, \$18,025 for 2012, and \$7,000 for 2013. Prior to his death, he filed his tax returns and paid his tax due on or before April 15 each year since the September 11 attacks. The personal representative appointed after his death filed

no income tax returns or claims for him until July 2017 when she filed the decedent's 2014 income tax return showing \$4,800 in tax liability. The IRS will forgive the income tax liabilities for 2014. Because the open refund period for all tax years prior to 2014 expired on April 18, 2017, the IRS will treat the difference between \$10,000 and the \$4,800 benefit provided (\$5,200) as a tax payment for 2014.

Income received after date of death.

Generally, income of the decedent received after the date of death must be reported on Form 1041 if the estate has gross income for the tax year of \$600 or more. Examples are the final paycheck or dividends on stock owned by the decedent. However, this income is exempt from income tax and is not included on Form 1041 if it is received:

- After the date of the decedent's death, and
- Before the end of the decedent's tax year (determined without regard to death).

Non-qualifying income. The following income is not exempt from tax. The tax on it is not eligible for forgiveness.

- Deferred compensation that would have been payable if the death had occurred because of an event other than these attacks.
- Amounts that would not have been payable but for an action taken after September 11, 2001.

The following are examples of non-qualifying income.

- Amounts payable from a qualified retirement plan or IRA to the beneficiary or estate of the decedent.
- Amounts payable only as death or survivor's benefits from pre-existing arrangements that would have been paid if the death had occurred for another reason.
- Income received as a result of adjustments made by the decedent's employer to a plan or arrangement to

accelerate the vesting of restricted property or the payment of nonqualified deferred compensation after the date of the attack.

- Interest on savings bonds cashed by the beneficiary of the decedent.



If you are responsible for the estate of a decedent, see Publication 559. Publication 559 discusses how to complete and file federal income tax returns and explains your responsibility to pay any taxes due.

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Worksheet C. Amount Treated as Tax Payment for Decedent's Last Tax Year

Keep for Your Records 

Caution: The decedent is entitled to minimum relief of \$10,000. Complete this worksheet only if the total tax forgiveness benefit provided for all eligible years is less than \$10,000.

1	Minimum relief amount.		
	Note: Before completing lines 2–9, see Instructions for lines 2–9 of Worksheet C.	1	\$10,000
2	Enter the taxable income from Form 1041, line 22.	2	_____
3	Enter the distribution deduction from Form 1041, line 18.	3	_____
4	Add lines 2 and 3.	4	_____
5	Enter exempt income received after death <i>minus</i> expenses allocable to exempt income. (See Income received after date of death , earlier.)	5	_____
6	Add lines 4 and 5.	6	_____
7	Figure the tax on line 6 using Form 1041, Schedule G.	7	_____
8	Figure the tax on line 4 using Form 1041, Schedule G.	8	_____
9	Tax on exempt income. Subtract line 8 from line 7.	9	_____
10	Enter the total of columns (A)–(D) from line 6 of Worksheet A or line 16 of Worksheet B . If the decedent was not required to file tax returns for the eligible tax years, enter -0-.	10	_____
11	Add lines 9 and 10.	11	_____
12	Additional payment allowed. If line 11 is \$10,000 or more, enter -0- and stop here. No additional amount is allowed as a tax payment. Otherwise, subtract line 11 from line 1 and enter the result.	12	_____

Note. The amount on line 12 is allowed as a tax payment for the decedent's *last tax year*.

- Attach the computation of the additional payment allowed or a copy of this worksheet to the original or amended income tax return for the decedent's last tax year. If filing Form 1040, include the amount from line 12 above on the "Credits from Form" line in the "Payments" section of Form 1040, page 2. Write "Sec. 692(d)(2) Payment" and the amount to the right of the entry space. Also indicate whether a Form 1041 is being filed for the decedent's estate.
- If filing Form 1040X, include the amount from line 12 above on Form 1040X on the "Refundable credits from" line, columns (B) and (C). Check the box next to "other (specify)" and write "Sec. 692(d)(2) Payment" on the blank line.

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Instructions for lines 2–9 of Worksheet

C. The tax that would have been payable on the exempt income (discussed earlier) must be considered when determining whether a decedent is entitled to the \$10,000 minimum relief. To figure the tax that would have been payable, you can use lines 2 through 9 of Worksheet C. Or, if special requirements are met, you can use the alternative computation instead. See Alternative computation, later.

You have to use lines 2–9 (or the alternative computation) to figure the tax that would have been payable even if Form 1041 was not required to be filed. Use Form 1041 to figure what the taxable income would be without including the exempt income. Then enter that taxable income (even if a negative number) on line 2 of Worksheet C (or line 1 of Worksheet D. Alternative Computation of Tax on Exempt Income (Line 9 of Worksheet C)).

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Worksheet D. **Alternative Computation of Tax on Exempt Income (Line 9 of Worksheet C)**

Keep for Your Records



1	Enter the taxable income from Form 1041, line 22.	1	_____
2	Enter exempt income received after death <i>minus</i> expenses allocable to exempt income. (See Income received after date of death , earlier.)	2	_____
3	Add lines 1 and 2.	3	_____
4	Figure the tax on line 3 using Form 1041, Schedule G.	4	_____
5	Figure the tax on line 1 using Form 1041, Schedule G.	5	_____
6	Estate's tax on exempt income. Subtract line 5 from line 4.	6	_____
7	Beneficiaries' tax on exempt income. Figure the total tax that would have been payable by all beneficiaries. Do this by including in each beneficiary's gross income the exempt income received from the decedent's estate and refiguring the income tax. Add the amounts by which each beneficiary's income tax is increased.	7	_____
8	Add lines 6 and 7. Enter this amount on line 9 of Worksheet C	8	_____

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Alternative computation. Instead of using lines 2–8 of Worksheet C to figure the tax on exempt income (line 9 of Worksheet C), you may be able to use Worksheet D. You can use Worksheet D to figure the tax on the exempt income payable by the estate ***and*** its beneficiaries only if both of the following requirements are met.

1. The estate claimed an income distribution deduction on Form 1041, line 18.
2. Each beneficiary submits the information necessary to refigure the income tax payable on the exempt income received from the decedent's estate.

If requirement (2) is met but requirement (1) is not, you can still use Worksheet D if:

- Form 1041 was ***not*** required because exempt income was received, and
- The estate would have claimed an income distribution deduction if the exempt income were taxable.

If you use this alternative computation, skip lines 2–8 of Worksheet C and enter the amount from line 8 of Worksheet D on line 9 of Worksheet C. Complete the rest of Worksheet C to determine the additional payment allowed.

Refund of Taxes Paid

The IRS will refund the following amounts.

1. Forgiven income tax liabilities that have been paid during the open refund period for the decedent's last tax year. See *Period for filing a claim for credit or refund*, earlier.
2. The excess of \$10,000 over the total tax forgiveness benefit provided for all eligible years if a claim is filed within the open refund period for the decedent's last tax year. See *Minimum Amount of Relief*, earlier.

Example 1. A first responder who died in August 2014 from a cancer on the List of World Trade Center (WTC)-Related Health Conditions covered in the WTC Health

Program had an income tax liability of \$17,500 for 2011, \$18,025 for 2012, \$7,000 for 2013, and \$4,800 for 2014. The total, \$47,325, is eligible for tax forgiveness. However, he paid only \$38,100 of that amount. The IRS will refund no more than the \$38,100 paid.

Example 2. A child who died in 2014 as a result of wounds sustained in the September 11 attacks never had any income tax liability. The child qualifies for the minimum relief of \$10,000. The IRS will treat \$10,000 as a tax payment for 2014 and will refund \$10,000 if a claim is filed within the open refund period.



The law allows the IRS to refund taxes only for certain years. See [Years Eligible for Tax Forgiveness](#), earlier.

How To Claim Tax Forgiveness

Use the following procedures to claim income tax forgiveness.

Which Form To Use

The form you use depends on whether an income tax return for the eligible year was already filed for the decedent.

Return required but not yet filed. File a paper Form 1040 if the decedent was a U.S. citizen or resident. File a paper Form 1040NR if the decedent was a nonresident alien. A nonresident alien is someone who is not a U.S. citizen or resident.

Return required and already filed. File a separate paper Form 1040X for each year you are claiming tax relief.

Return not required and not filed. File a paper Form 1040 only for the year of death if the decedent was a U.S. citizen or resident. File a paper Form 1040NR if the decedent was a nonresident alien.

Return not required but already filed. File a paper Form 1040X only for the year of death.

How to complete the returns. Fill out Form 1040 or 1040NR according to its instructions

but do **not** reduce the decedent's tax liability by any taxes that will be forgiven. Attach to each return a computation of the income tax to be forgiven or a copy of Worksheet A or B. If filing Form 1040 or Form 1040NR, also attach any Forms W-2. If the total tax forgiveness benefit provided for all eligible years is less than \$10,000, attach to the decedent's final return a computation of the additional tax payment allowed or a copy of Worksheet C.

Also, please write one of the following across the top of page 1 of each return.

- KITA—Oklahoma City
- KITA—9/11
- KITA—Anthrax

"KITA" means "killed in terrorist attack."

Need a copy of a previously filed return?

You will find it easier to prepare Form 1040X if you have a copy of the decedent's previously filed tax return. If you need a copy, use Form 4506. The IRS will provide a free copy of the tax return if you write

“DISASTER” in the top margin of Form 4506. Attach Letters Testamentary or other evidence to establish that you are authorized to act for the decedent's estate. Send Form 4506 to the address shown in the form instructions.

Taxpayer identification number. A taxpayer identification number must be furnished on the decedent's returns. This is usually the decedent's social security number (SSN). However, a nonresident alien who is not eligible to get an SSN should have an individual taxpayer identification number (ITIN). If the decedent was a nonresident alien, had neither an SSN nor an ITIN, and was not required to file a U.S. income tax return for any tax year, do **not** apply for an ITIN. You may claim a refund by filing Form 1040NR without an SSN or ITIN.

Necessary Documents

Please attach the following documents to the return or amended return.

Proof of death. Attach a copy of the death certificate. Also attach proof that the death

was caused by wounds or injury sustained in the Oklahoma City or September 11 attacks or their rescue or recovery operations or by an illness or disease arising from wounds or injury sustained during one of these attacks or their rescue or recovery operations or by an illness incurred as a result of the anthrax attacks. You may show the cause of death from the death certificate (if stated) or by attaching a letter from the treating physician, medical examiner, or hospital that explains the cause of death. If the Department of Defense issued DD Form 1300, Report of Casualty, you can attach that form instead of the death certificate.

Form 1310. You must send Form 1310 with all returns and claims for refund, unless either of the following applies.

- You are a surviving spouse filing an original or amended joint return with the decedent.
- You are a personal representative filing an original Form 1040 or Form 1040NR for the decedent and a court certificate

showing your appointment is attached to the return.

A personal representative is an executor or administrator of a decedent's estate, as certified or appointed by the court. A copy of the decedent's will cannot be accepted as evidence that you are the personal representative.



If you have proof of death but do not have enough tax information to file a timely claim for a refund, file Form 1040X with Form 1310. Include a statement saying an amended return will be filed as soon as the necessary tax information is available.

Where To File

The IRS has set up a special office for processing returns and claims for tax forgiveness.

File these returns and claims at the following address.

Internal Revenue Service
333 W. Pershing, Stop 6503, P5
Kansas City, MO 64108



*Do **not** send these returns or claims to any of the addresses shown in the tax form instructions.*

Private delivery services. Instead of using U.S. mail, you can use certain private delivery services designated by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL “Same Day” Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

For updates to the list of designated private delivery services, go to IRS.gov and enter "private delivery service" in the search box.

Estate Tax Reduction

The federal estate tax is reduced for taxable estates of individuals who died as a result of the Oklahoma City attack, the September 11 attacks, and the anthrax attacks. The estate tax is figured using the rate schedule on page 25 of the November 2001 revision of the Instructions for Form 706. The estate tax is reduced by credits against the estate tax, including the unified credit and the state death tax credit. These credits may reduce or eliminate the estate tax due.

Recovery from the September 11th Victim Compensation Fund. The value of claims for a decedent's pain and suffering is normally included in the gross estate. However, if the estate chooses to seek recovery from this fund, the IRS has determined that, in view of the unique

circumstances of this situation and the high likelihood that such claims will be valued at a nominal or zero amount, the claims will be valued at zero for estate tax purposes. Thus, there are no federal estate tax consequences if an estate or beneficiary receives a recovery from this fund.

Which estates must file a return. For decedents dying in 2014, Form 706 must be filed by the executor for the estate of every U.S. citizen or resident whose gross estate, plus adjusted taxable gifts and specific exemption, is more than \$5,340,000; or whose executor elects to transfer the Deceased Spousal Unused Exclusion (DSUE) amount to the surviving spouse, regardless of the size of the decedent's gross estate. Form 706 must be filed within 9 months after the date of decedent's death unless you receive an extension of time to file. Use Form 4768, Application for Extension of Time To File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes, to apply for an extension.

Where to file. Returns on which the special rate schedule on page 25 of the November 2001 revision of the Instructions for Form 706 is used should be sent to the following address.

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999

More information. For more information on the federal estate tax, see the Instructions for Form 706.

Structured Settlement Factoring Transactions

A person who acquires payment rights in a structured settlement arrangement after February 21, 2002, may be subject to a 40% excise tax unless the transfer of the payment rights was approved in advance in a qualified order. The excise tax is figured on the excess of the undiscounted amount of the payments being acquired over the total amount actually paid to acquire them. However, this tax will not apply to transactions entered into from

February 22, 2002, to July 1, 2002, if certain requirements are met. For information about these requirements, see Internal Revenue Code section 5891.

Illustrated Worksheets B and C

Sarah's husband Clifton died in June 2014 as a result of injuries sustained in the September 11 attack on the World Trade Center. They filed joint returns and paid the tax due on or before April 15 each year since the September 11 attacks until Clifton's death. Sarah chose to file a joint return as a surviving spouse for 2014. The returns for 2011, 2012, 2013, and 2014 showed the following income, deductions, and tax liabilities.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Wages (Sarah)	\$40,000	\$40,500	\$40,500	\$41,000
Net profit from Schedule C, Profit or Loss From Business (Clifton)	25,000	25,200	26,000	26,000
Interest income (joint account)	500	550	650	650
Deductible portion of self-employment tax (Clifton)	(1,766)	(1,780)	(1,837)	(1,837)
Standard deduction	(11,600)	(11,900)	(12,200)	(12,400)
Personal exemptions (2) . .	(7,400)	(7,600)	(7,800)	(7,900)
Taxable income	<u>\$44,734</u>	<u>\$44,970</u>	<u>\$45,313</u>	<u>\$45,513</u>
Joint income tax liability . . .	\$5,859	\$5,876	\$5,906	\$5,921
Plus: Self-employment tax (Clifton)	3,071	3,095	3,674	3,674
Total tax liability	<u>\$8,930</u>	<u>\$8,971</u>	<u>\$9,580</u>	<u>\$9,595</u>

After Clifton died, his estate received income of \$4,000. Of that amount, \$1,000 is net profit from Schedule C received before the end of 2014. This net profit is exempt from income tax as explained earlier under *Income received after date of death*. Sarah files Form

1041 because the gross income of the estate for the tax year (\$3,000) is \$600 or more.

To determine how much of Clifton's tax liability for 2011, 2012, 2013, and 2014 is to be forgiven, Sarah completes Worksheet B. She also completes Worksheet C because the forgiven tax liabilities for 2011, 2012, 2013, and 2014 (line 16 of Worksheet B) total less than \$10,000.

To claim tax relief for 2011, 2012, and 2013, Sarah files Form 1040X and attaches a copy of Worksheet B. To claim tax relief for 2014, she files Form 1040 and attaches copies of Worksheets B and C.

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(For Decedents Who Filed a Joint Return)

		(A) First Eligible Year	(B) Second Eligible Year	(C) Third Eligible Year	(D) Fourth Eligible Year
1 Enter the years eligible for forgiveness.	1	2011	2012	2013	2014
2 Enter the decedent's taxable income. Figure taxable income as if a separate return had been filed. See Lines 2 and 6 in the Worksheet B instructions.	2	\$13,984	\$13,945	\$14,488	\$14,338
3 Enter the decedent's total tax . See Lines 3 and 7 in the Worksheet B instructions.	3	4,742	4,749	5,399	5,369
4 Enter the total, if any, of the decedent's taxes not eligible for forgiveness. See Line 4 in the Worksheet B instructions.	4	3,071	3,095	3,674	3,674
5 Subtract line 4 from line 3.	5	1,671	1,654	1,725	1,695
6 Enter the surviving spouse's taxable income. Figure taxable income as if a separate return had been filed. See Lines 2 and 6 in the Worksheet B instructions.	6	30,750	31,025	30,825	31,175
7 Enter the surviving spouse's total tax . See Lines 3 and 7 in the Worksheet B instructions.	7	4,191	4,219	4,178	4,223
8 Enter the total, if any, of the surviving spouse's taxes listed under Line 4 in the Worksheet B instructions.	8	-0-	-0-	-0-	-0-
9 Subtract line 8 from line 7.	9	4,191	4,219	4,178	4,223
10 Add lines 5 and 9.	10	5,862	5,873	5,903	5,918
11 Enter the total tax from the joint return. See Table 1 , earlier, for the line number.	11	8,930	8,971	9,580	9,595
12 Add lines 4 and 8.	12	3,071	3,095	3,674	3,674
13 Subtract line 12 from line 11.	13	5,859	5,876	5,906	5,921
14 Divide line 5 by line 10. Enter the result as a decimal.	14	.285	.282	.292	.286
15 Tax adjustment to be reported with tax return. Multiply line 13 by line 14 and enter the result.	15	\$1,670	\$1,657	\$1,725	\$1,693
16 Tax forgiveness benefit provided. Enter the amount from line 15 if filing your claim within 3 years from the due date of the return (including extensions). Otherwise, enter only the part of the tax from line 15 that is currently owed (not including interest and penalties) plus any payments made within the open refund period.	16	\$1,670	\$1,657	\$1,725	\$1,693

Note. If the total of columns (A), (B), (C), and (D) of line 16 (including any amounts shown on line 6 of Worksheet A) is less than \$10,000, also complete [Worksheet C](#).

- Attach the computation of the tax to be forgiven or a copy of this worksheet to the decedent's final income tax return or amended tax return (Form 1040X) for each year listed on line 1.
- If filing Form 1040X for an eligible year, enter the amount from line 15 above on Form 1040X in column B of the "Total tax" line as a decrease in tax. The IRS will determine the amount to be refunded.

Worksheet C Illustrated. **Amount Treated as Tax Payment for Decedent's Last Tax Year**

Keep for Your Records 

Caution: The decedent is entitled to minimum relief of \$10,000. Complete this worksheet only if the total tax forgiveness benefit provided for all eligible years is less than \$10,000.

1	Minimum relief amount.			
	Note: Before completing lines 2–9, see Instructions for lines 2–9 of Worksheet C .	1	\$10,000	
2	Enter the taxable income from Form 1041, line 22.	2	2,400	
3	Enter the distribution deduction from Form 1041, line 18.	3	-0-	
4	Add lines 2 and 3.	4	2,400	
5	Enter exempt income received after death <i>minus</i> expenses allocable to exempt income. (See Income received after date of death , earlier.)	5	1,000	
6	Add lines 4 and 5.	6	3,400	
7	Figure the tax on line 6 using Form 1041, Schedule G.	7	600	
8	Figure the tax on line 4 using Form 1041, Schedule G.	8	360	
9	Tax on exempt income. Subtract line 8 from line 7.	9	240	
10	Enter the total of columns (A)–(D) from line 6 of Worksheet A or line 16 of Worksheet B . If the decedent was not required to file tax returns for the eligible tax years, enter -0-.	10	6,745	
11	Add lines 9 and 10.	11	\$6,985	
12	Additional payment allowed. If line 11 is \$10,000 or more, enter -0- and stop here. No additional amount is allowed as a tax payment. Otherwise, subtract line 11 from line 1 and enter the result.	12	\$3,015	

Note. The amount on line 12 is allowed as a tax payment for the decedent's *last tax year*.

- Attach the computation of the additional payment allowed or a copy of this worksheet to the original or amended income tax return for the decedent's last tax year. If filing Form 1040, include the amount from line 12 above on the "Credits from Form" line in the "Payments" section of Form 1040, page 2. Write "Sec. 692(d)(2) Payment" and the amount to the right of the entry space. Also indicate whether a Form 1041 is being filed for the decedent's estate.
- If filing Form 1040X, include the amount from line 12 above on Form 1040X on the "Refundable credits from" line, columns (B) and (C). Check the box next to "other (specify)" and write "Sec. 692(d)(2) Payment" on the blank line.

Additional Worksheets

The following additional worksheets are provided for your convenience.

Worksheet A. Figuring the Tax To Be Forgiven

Keep for Your Records 

(For Decedents Who Filed a Return as Single, Married Filing Separately, Head of Household, or Qualifying Widow(er))

		(A) First Eligible Year	(B) Second Eligible Year	(C) Third Eligible Year	(D) Fourth Eligible Year
1	Enter the years eligible for tax forgiveness.	1			
2	Enter the total tax from the decedent's income tax return. See Table 1 , earlier, for the line number.	2			
3	Enter the following taxes, if any, shown on the decedent's income tax return. (These taxes are not eligible for forgiveness.)				
	a Self-employment tax.	3a			
	b Unreported social security and Medicare tax from Forms 4137 and 8919.	3b			
	c Tax on excess contributions to IRAs, Coverdell education savings accounts (ESAs), Archer MSAs, or health savings accounts (HSAs).	3c			
	d Tax on excess accumulation in qualified retirement plans.	3d			
	e Household employment taxes.	3e			
	f Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance.	3f			
	g Tax on golden parachute payments.	3g			
	h Health care: individual responsibility.	3h			
	i Additional Medicare Tax.	3i			
	j Net Investment Income Tax.	3j			
	k Excise tax on insider stock compensation from an expatriated corporation.	3k			
4	Add lines 3a through 3k.	4			
5	Tax adjustment to be reported with tax return. Subtract line 4 from line 2.	5			
6	Tax forgiveness benefit provided. Enter the amount from line 5 if filing your claim within 3 years from the due date of the return (including extensions). Otherwise, enter only the part of the tax from line 5 that is currently owed (not including interest and penalties) plus any payments made within the open refund period.	6			

Note. If the total of columns (A), (B), (C), and (D) of line 6 (including any amounts shown on line 16 of [Worksheet B](#)) is less than \$10,000, also complete [Worksheet C](#).

- Attach the computation of the tax to be forgiven or a copy of this worksheet to the decedent's final income tax return or amended tax return (Form 1040X) for each year listed on line 1.
- If filing Form 1040X for an eligible year, enter the amount from line 5 above on Form 1040X in column B of the "Total tax" line as a decrease in tax. The IRS will determine the amount to be refunded.

Worksheet B. Figuring the Tax To Be Forgiven

Keep for Your Records 

(For Decedents Who Filed a Joint Return)

		(A) First Eligible Year	(B) Second Eligible Year	(C) Third Eligible Year	(D) Fourth Eligible Year
1 Enter the years eligible for forgiveness.	1				
2 Enter the decedent's taxable income. Figure taxable income as if a separate return had been filed. See Lines 2 and 6 in the Worksheet B instructions.	2				
3 Enter the decedent's total tax . See Lines 3 and 7 in the Worksheet B instructions.	3				
4 Enter the total, if any, of the decedent's taxes not eligible for forgiveness. See Line 4 in the Worksheet B instructions.	4				
5 Subtract line 4 from line 3.	5				
6 Enter the surviving spouse's taxable income. Figure taxable income as if a separate return had been filed. See Lines 2 and 6 in the Worksheet B instructions.	6				
7 Enter the surviving spouse's total tax . See Lines 3 and 7 in the Worksheet B instructions.	7				
8 Enter the total, if any, of the surviving spouse's taxes listed under Line 4 in the Worksheet B instructions.	8				
9 Subtract line 8 from line 7.	9				
10 Add lines 5 and 9.	10				
11 Enter the total tax from the joint return. See Table 1 , earlier, for the line number.	11				
12 Add lines 4 and 8.	12				
13 Subtract line 12 from line 11.	13				
14 Divide line 5 by line 10. Enter the result as a decimal.	14				
15 Tax adjustment to be reported with tax return. Multiply line 13 by line 14 and enter the result.	15				
16 Tax forgiveness benefit provided. Enter the amount from line 15 if filing your claim within 3 years from the due date of the return (including extensions). Otherwise, enter only the part of the tax from line 15 that is currently owed (not including interest and penalties) plus any payments made within the open refund period.	16				

Note. If the total of columns (A), (B), (C), and (D) of line 16 (including any amounts shown on line 6 of [Worksheet A](#)) is less than \$10,000, also complete [Worksheet C](#).

- Attach the computation of the tax to be forgiven or a copy of this worksheet to the decedent's final income tax return or amended tax return (Form 1040X) for each year listed on line 1.
- If filing Form 1040X for an eligible year, enter the amount from line 15 above on Form 1040X in column B of the "Total tax" line as a decrease in tax. The IRS will determine the amount to be refunded.

Worksheet C. **Amount Treated as Tax Payment for Decedent's Last Tax Year**

Keep for Your Records 

Caution: The decedent is entitled to minimum relief of \$10,000. Complete this worksheet only if the total tax forgiveness benefit provided for all eligible years is less than \$10,000.

1	Minimum relief amount. Note: Before completing lines 2–9, see Instructions for lines 2–9 of Worksheet C .	1	\$10,000
2	Enter the taxable income from Form 1041, line 22.	2	_____
3	Enter the distribution deduction from Form 1041, line 18.	3	_____
4	Add lines 2 and 3.	4	_____
5	Enter exempt income received after death minus expenses allocable to exempt income. (See Income received after date of death , earlier.)	5	_____
6	Add lines 4 and 5.	6	_____
7	Figure the tax on line 6 using Form 1041, Schedule G.	7	_____
8	Figure the tax on line 4 using Form 1041, Schedule G.	8	_____
9	Tax on exempt income. Subtract line 8 from line 7.	9	_____
10	Enter the total of columns (A)–(D) from line 6 of Worksheet A or line 16 of Worksheet B . If the decedent was not required to file tax returns for the eligible tax years, enter -0-.	10	_____
11	Add lines 9 and 10.	11	_____
12	Additional payment allowed. If line 11 is \$10,000 or more, enter -0- and stop here. No additional amount is allowed as a tax payment. Otherwise, subtract line 11 from line 1 and enter the result.	12	_____

Note. The amount on line 12 is allowed as a tax payment for the decedent's **last tax year**.

- Attach the computation of the additional payment allowed or a copy of this worksheet to the original or amended income tax return for the decedent's last tax year. If filing Form 1040, include the amount from line 12 above on the "Credits from Form" line in the "Payments" section of Form 1040, page 2. Write "Sec. 692(d)(2) Payment" and the amount to the right of the entry space. Also indicate whether a Form 1041 is being filed for the decedent's estate.
- If filing Form 1040X, include the amount from line 12 above on Form 1040X on the "Refundable credits from" line, columns (B) and (C). Check the box next to "other (specify)" and write "Sec. 692(d)(2) Payment" on the blank line.

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How To Get Tax Help

Special IRS assistance. The IRS is providing special help for those affected by the terrorist attacks, as well as survivors and personal representatives of the victims. We have set up a special toll-free number for people who may have trouble filing or paying their taxes because they were affected by the terrorist attacks, or who have other tax issues related to the attacks.

Call **1-866-562-5227**

Monday through Friday

In English—7 a.m. to 7 p.m. local time

In Spanish—7 a.m. to 7 p.m. local time

The IRS web site at www.irs.gov has notices and other tax relief information. Check it periodically for any new guidance or to see if Congress has enacted new legislation.

For current information on federally declared disaster areas, check the Federal Emergency Management Agency Web site at www.fema.gov.

Whether it's help with a tax issue, preparing your tax return or a need for a free publication or form, get the help you need the way you want it: online, use a smart phone, call or walk in to an IRS office or volunteer site near you.

Free help with your tax return. You can get free help preparing your return nationwide from IRS-certified volunteers. The Volunteer Income Tax Assistance (VITA) program helps low-to-moderate income, elderly, people with disabilities, and limited English proficient taxpayers. The Tax Counseling for the Elderly (TCE) program helps taxpayers age 60 and older with their tax returns. Most VITA and TCE sites offer free electronic filing and all volunteers will let you know about credits and deductions you may be entitled to claim. In addition, some VITA and TCE sites provide taxpayers the opportunity to prepare their own return with help from an IRS-certified volunteer. To find the nearest VITA or TCE site, you can use the VITA Locator Tool on IRS.gov, download the IRS2Go app, or call 1-800-906-9887.

As part of the TCE program, AARP offers the Tax-Aide counseling program. To find the nearest AARP Tax-Aide site, visit AARP's website at www.aarp.org/money/taxaide or call 1-888-227-7669. For more information on these programs, go to IRS.gov and enter "VITA" in the search box.

Internet. IRS.gov and **IRS2Go** are ready when you are —24 hours a day, 7 days a week.

- Download the free IRS2Go app from the iTunes app store or from Google Play. Use it to check your refund status, order transcripts of your tax returns or tax account, watch the IRS YouTube channel, get IRS news as soon as it's released to the public, subscribe to filing season updates or daily tax tips, and follow the IRS Twitter news feed, @IRSnews, to get the latest federal tax news, including information about tax law changes and important IRS programs.
- Check the status of your 2014 refund with the [*Where's My Refund?*](#) application on IRS.gov or download the IRS2Go app and

select the *Refund Status* option. The IRS issues more than 9 out of 10 refunds in less than 21 days. Using these applications, you can start checking on the status of your return within 24 hours after we receive your e-filed return or 4 weeks after you mail a paper return. You will also be given a personalized refund date as soon as the IRS processes your tax return and approves your refund. The IRS updates *Where's My Refund?* every 24 hours, usually overnight, so you only need to check once a day.

- Use the *Interactive Tax Assistant* (ITA) to research your tax questions. No need to wait on the phone or stand in line. The ITA is available 24 hours a day, 7 days a week, and provides you with a variety of tax information related to general filing topics, deductions, credits, and income. When you reach the response screen, you can print the entire interview and the final response for your records. New subject areas are added on a regular basis.

- Answers not provided through ITA may be found in *Tax Trails*, one of the Tax Topics on IRS.gov which contain general individual and business tax information or by searching the *IRS Tax Map*, which includes an **international subject index**. You can use the **IRS Tax Map**, to search publications and instructions by topic or keyword. The IRS Tax Map integrates forms and publications into one research tool and provides single-point access to tax law information by subject. When the user searches the IRS Tax Map, they will be provided with links to related content in existing IRS publications, forms and instructions, questions and answers, and Tax Topics.
- You can immediately view and print for free all 5 types of individual federal tax transcripts (tax returns, tax account, record of account, wage and income statement, and certification of non-filing) using **Get Transcript**. You can also ask the IRS to mail a return or an account transcript to you. Only the mail option is available by choosing the *Tax Records*

option on the IRS2Go app by selecting *Mail Transcript* on IRS.gov or by calling 1-800-908-9946. Tax return and tax account transcripts are generally available for the current year and the past three years.

- Determine if you are eligible for the EITC and estimate the amount of the credit with the *Earned Income Tax Credit (EITC) Assistant*.
- Visit *Understanding Your IRS Notice or Letter* to get answers to questions about a notice or letter you received from the IRS.
- If you received the First Time Homebuyer Credit, you can use the *First Time Homebuyer Credit Account Lookup* tool for information on your repayments and account balance.
- Check the status of your amended return using *Where's My Amended Return?* Go to IRS.gov and enter *Where's My Amended Return?* in the search box. You can generally expect your amended return to be processed up to 12 weeks from the

date we receive it. It can take up to 3 weeks from the date you mailed it to show up in our system.

- Make a payment using one of several safe and convenient electronic payment options available on IRS.gov. Select the Payment tab on the front page of IRS.gov for more information.
- Determine if you are eligible and apply for an online payment agreement, if you owe more tax than you can pay today.
- Figure your income tax withholding with the IRS Withholding Calculator on IRS.gov. Use it if you've had too much or too little withheld, your personal situation has changed, you're starting a new job or you just want to see if you're having the right amount withheld.
- Determine if you might be subject to the Alternative Minimum Tax by using the Alternative Minimum Tax Assistant on IRS.gov.

- Request an **Electronic Filing PIN** by going to IRS.gov and entering *Electronic Filing PIN* in the search box.
- Download forms, instructions and publications, including accessible versions for people with disabilities.
- Locate the nearest **Taxpayer Assistance Center (TAC)** using the *Office Locator* tool on IRS.gov, or choose the *Contact Us* option on the IRS2Go app and search *Local Offices*. An employee can answer questions about your tax account or help you set up a payment plan. Before you visit, check the *Office Locator* on IRS.gov, or *Local Offices* under Contact Us on IRS2Go to confirm the address, phone number, days and hours of operation, and the services provided. If you have a special need, such as a disability, you can request an appointment. Call the local number listed in the Office Locator, or look in the phone book under United States Government, Internal Revenue Service.

- Apply for an **Employer Identification Number (EIN)**. Go to IRS.gov and enter *Apply for an EIN* in the search box.
- Read the Internal Revenue Code, regulations, or other official guidance.
- Read Internal Revenue Bulletins.
- Sign up to receive local and national tax news and more by email. Just click on “subscriptions” above the search box on IRS.gov and choose from a variety of options.

Phone. You can call the IRS, or you can carry it in your pocket with the IRS2Go app on your smart phone or tablet. Download the free IRS2Go app from the iTunes app store or from Google Play.

- Call to locate the nearest volunteer help site, 1-800-906-9887 or you can use the VITA Locator Tool on IRS.gov, or download the IRS2Go app. Low-to-moderate income, elderly, people with disabilities, and limited English proficient taxpayers can get free help with their tax return from the nationwide Volunteer

Income Tax Assistance (VITA) program. The Tax Counseling for the Elderly (TCE) program helps taxpayers age 60 and older with their tax returns. Most VITA and TCE sites offer free electronic filing. Some VITA and TCE sites provide IRS-certified volunteers who can help prepare your tax return. Through the TCE program, AARP offers the Tax-Aide counseling program; call 1-888-227-7669 to find the nearest Tax-Aide location.

- Call the automated *Where's My Refund?* information hotline to check the status of your 2014 refund 24 hours a day, 7 days a week at 1-800-829-1954. If you e-file, you can start checking on the status of your return within 24 hours after the IRS receives your tax return or 4 weeks after you've mailed a paper return. The IRS issues more than 9 out of 10 refunds in less than 21 days. *Where's My Refund?* will give you a personalized refund date as soon as the IRS processes your tax return and approves your refund. Before you call this automated hotline, have your 2014 tax return handy so you can enter your

social security number, your filing status, and the exact whole dollar amount of your refund. The IRS updates *Where's My Refund?* every 24 hours, usually overnight, so you only need to check once a day. Note, the above information is for our automated hotline. Our live phone and walk-in assistors can research the status of your refund only if it's been 21 days or more since you filed electronically or more than 6 weeks since you mailed your paper return.

- Call the *Amended Return Hotline*, 1-866-464-2050, to check the status of your amended return. You can generally expect your amended return to be processed up to 12 weeks from the date we receive it. It can take up to 3 weeks from the date you mailed it to show up in our system.
- Call 1-800-TAX-FORM (1-800-829-3676) to order current-year forms, instructions, publications, and prior-year forms and instructions (limited to 5 years). You should receive your order within 10 business days.

- Call **Tele-Tax**, 1-800-829-4477, to listen to pre-recorded messages covering general and business tax information. If, between January and April 15, you still have questions about the Form 1040, 1040A, or 1040EZ (like filing requirements, dependents, credits, Schedule D, pensions and IRAs or self-employment taxes), call 1-800-829-1040.
- Call using TTY/TDD equipment, 1-800-829-4059 to ask tax questions or order forms and publications. The TTY/TDD telephone number is for people who are deaf, hard of hearing, or have a speech disability. These individuals can also contact the IRS through re-lay services such as the *Federal Relay Service*.

Walk-in. You can find a selection of forms, publications and services — in-person.

- **Products.** You can walk in to some post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, and city and county government offices

have a collection of products available to photocopy from reproducible proofs.

- **Services.** You can walk in to your local TAC for face-to-face tax help. An employee can answer questions about your tax account or help you set up a payment plan. Before visiting, use the *Office Locator* tool on IRS.gov, or choose the *Contact Us* option on the IRS2Go app and search *Local Offices* for days and hours of operation, and services provided.

Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 business days after your request is received.

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613

The Taxpayer Advocate Service Is Here to Help You. **The Taxpayer Advocate Service (TAS)** is your voice at the IRS. Our job is to ensure that every taxpayer is treated fairly

and that you know and understand your rights.

What can TAS do for you? We can offer you free help with IRS problems that you can't resolve on your own. We know this process can be confusing, but the worst thing you can do is nothing at all! TAS can help if you can't re-solve your tax problem and:

- Your problem is causing financial difficulties for you, your family, or your business.
- You face (or your business is facing) an immediate threat of adverse action.
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

If you qualify for our help, you'll be assigned to one advocate who'll be with you at every turn and will do everything possible to resolve your problem. Here's why we can help:

- TAS is an independent organization within the IRS.

- Our advocates know how to work with the IRS.
- Our services are free and tailored to meet your needs.
- We have offices in every state, the District of Columbia, and Puerto Rico.

How can you reach us? If you think TAS can help you, call your local advocate, whose number is in your local directory and at *Taxpayer Advocate*, or call us toll-free at 1-877-777-4778.

How else does TAS help taxpayers?

TAS also works to resolve large-scale, systemic problems that affect many taxpayers. If you know of one of these broad issues, please report it to us through our *Systemic Advocacy Management System*.

Low Income Taxpayer Clinics

Low Income Taxpayer Clinics (LITCs) serve individuals whose income is below a certain level and need to resolve tax problems such as audits, appeals and tax collection disputes. Some clinics can provide information about

taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Visit *Taxpayer Advocate* or see IRS Publication 4134, Low Income Taxpayer Clinic List.



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