

## IRM PROCEDURAL UPDATE

**DATE:** 12/16/2024

**NUMBER:** ts-21-1224-1227

**SUBJECT:** Various Updates and Clarifications Including Procedures for Claiming Net Qualified Disaster Loss and Self-employment Income Adjustments

**AFFECTED IRM(s)/SUBSECTION(s):** 21.6.4

**CHANGE(s):**

**IRM 21.6.4.4.2 Clarified procedures for claiming net qualified disaster loss in addition to the standard deduction.**

(1) The amount of standard deduction depends on the taxpayer's filing status, age, if they're blind and whether or not they can be claimed as a dependent on another return.

**Note:** If the taxpayer, or their spouse if filing jointly, can be claimed as a dependent on someone else's return, see the Instructions for Form 1040 (and Form 1040-SR) for more information.

(2) A taxpayer and/or spouse who is age 65 or older (for tax year 2024, born before January 2, 1958) and/or blind is entitled to a higher standard deduction. The taxpayer checks a box on the Form 1040 to select the reason for the additional standard deduction(s). Refer to the table below to determine the correct standard deduction amount.

<b>Filing Status</b>	<b>Number of Boxes Checked</b>	<b>Standard Deduction 2024</b>	<b>Standard Deduction 2023</b>	<b>Standard Deduction 2022</b>	<b>Standard Deduction 2021</b>	<b>Standard Deduction 2020</b>
Single	0	\$14,600	\$13,850	\$12,950	\$12,550	\$12,400
	1	\$16,550	\$15,700	\$14,700	\$14,250	\$14,050
	2	\$18,500	\$17,550	\$16,450	\$15,950	\$15,700
Married Filing Jointly or Qualifying Widow(er)	0	\$29,200	\$27,700	\$25,900	\$25,100	\$24,800
	1	\$30,750	\$29,200	\$27,300	\$26,450	\$26,100
	2	\$32,300	\$30,700	\$28,700	\$27,800	\$27,400
	3	\$33,850	\$32,200	\$30,100	\$29,150	\$28,700
Married Filing Separately	4	\$35,400	\$33,700	\$31,500	\$30,500	\$30,000
	0	\$14,600	\$13,850	\$12,950	\$12,550	\$12,400
	1	\$16,150	\$15,350	\$14,350	\$13,900	\$13,700
	2	\$17,700	\$16,850	\$15,750	\$15,250	\$15,000
	3	\$19,250	\$18,350	\$17,150	\$16,600	\$16,300

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	4	\$20,800	\$19,850	\$18,550	\$17,950	\$17,600
Head of Household	0	\$21,900	\$20,800	\$19,400	\$18,800	\$18,650
	1	\$23,850	\$22,650	\$21,150	\$20,500	\$20,300
	2	\$25,800	\$24,500	\$22,900	\$22,200	\$21,950

(3) Disaster relief legislation allows for an additional standard deduction for those taxpayers impacted by certain disasters. The standard deduction is increased by the net personal casualty loss.

To claim the increased standard deduction, taxpayers:

- List the amount from Form 4684, Casualties and Theft, line 15, on the dotted line next to Form 1040, Schedule A, line 16 as "Net Qualified Disaster Loss," and attach Form 4684.
- List their standard deduction amount on the dotted line next to line 16 as "Standard Deduction Claimed With Qualified Disaster Loss."
- Combine the two amounts on line 16 and enter on Form 1040 or 1040-SR, line 12.
- Notate the disaster area at the top of their Form 1040, Form 1040-SR or Form 1040-X.

(4) Eligible individuals are those individuals who suffered a personal casualty or theft loss caused by:

- A Presidentially declared disaster that occurred in 2016
- Hurricane Harvey or Tropical Storm Harvey disaster after August 22, 2017
- Hurricane Irma disaster area after September 3, 2017
- Hurricane Maria disaster area after September 15, 2017
- California wildfires disaster area after Oct. 7, 2017, and before February 1, 2018
- A Presidentially declared disaster that occurred in 2018 or 2019, but before December 21, 2019
- A Presidentially declared disaster that occurred beginning January 1, 2020, but before February 26, 2021
- Hurricane Ida disaster after August 28, 2021

Verify the taxpayer had a loss in a qualified disaster area via the IRS Disaster Assistance Program.

See IRM 21.6.4.4.1.7, Casualty and Theft Losses, for more information on Form 4684.

**IRM 21.6.4.4.8.5.3 Updated paragraph 7 to refer to IRM 21.6.3.4, Credits Procedures, paragraph 8 to refer to IRM 21.5.6.4.10(4), and a reminder.**

(7) If none of the scenarios in (6) apply, and the amended return appears frivolous (Social Media Promotion Scheme), see IRM 21.6.3.4 (12), Credits Procedures.

**Reminder: #**

**#**

(8) If there is a Transaction Code (TC) 810 Responsibility Code (RC) 4 (-E freeze) on the module and the taxpayer files an amended return, see IRM 21.5.6.4.10(4), -E Freeze.

**IRM 21.6.4.4.8.10 Updated line numbers on Form 1040, Schedule 2, to update when preparing a dummy 1040 based on Schedule H taxes.**

(1) A loose Schedule H requires research to determine the right action.

- If the module has a posted TC 150, adjust the module using the correct reference number(s) and RC 050.
- If the module does not contain a TC 150 and it's **prior** to the due date of the return, follow the table below.
- If the module does not contain a TC 150 and it's **after** the due date of the return, prepare a dummy Form 1040 as shown in (3) and route the Schedule H for processing.

**Note:** Make sure the Schedule H is complete prior to sending for processing. If there is no EIN on the Schedule H, follow procedures in IRM 21.6.4.4.8.1(3), Schedule H, Household Employment Taxes - Employer Identification Numbers.

<b>If</b>	<b>Then</b>
The question in Part III, "Are you required to file Form 1040?" is answered <b>"Yes."</b>	<ul style="list-style-type: none"> <li>• Return the Schedule H to the taxpayer following (2) below.</li> <li>• Push code the Schedule H following procedures in IRM 21.5.1.5.7, CII Push Codes. Assess the tax on Schedule H when the push code expires if the taxpayer doesn't file or report the tax on Form 1040.</li> </ul>
The question in Part III, "Are you required to file Form 1040?" is answered <b>"No"</b> and Part IV is blank.	<ul style="list-style-type: none"> <li>• Return the Schedule H to the taxpayer following (2) below.</li> <li>• Push code the Schedule H following procedures in IRM 21.5.1.5.7, CII Push Codes. Assess the tax on Schedule H when the push code expires if the taxpayer doesn't file or report the tax on Form 1040.</li> </ul>

The question in Part III, "Are you required to file Form 1040?" is answered " <b>No</b> " and Part IV has entries.	Prepare a "dummy" Form 1040 as shown in (3) and route the Schedule H for processing.
The question in Part III, "Are you required to file Form 1040?" is <b>not answered</b> , Part IV has entries.	<ul style="list-style-type: none"> <li>• Return the Schedule H to the taxpayer following (2) below.</li> <li>• Push code the Schedule H following procedures in IRM 21.5.1.5.7, CII Push Codes. Assess the tax on Schedule H when the push code expires if the taxpayer doesn't file or report the tax on Form 1040.</li> </ul>
The question in Part III, "Are you required to file Form 1040?" is <b>not answered</b> and Part IV is blank.	<ul style="list-style-type: none"> <li>• Return the Schedule H to the taxpayer following (2) below.</li> <li>• Push code the Schedule H following procedures in IRM 21.5.1.5.7, CII Push Codes. Assess the tax on Schedule H when the push code expires if the taxpayer doesn't file or report the tax on Form 1040.</li> </ul>

(2) When returning the Schedule H, tell the taxpayer:

- The Schedule H entries indicate they will file an income tax return.
- The Schedule H is being returned for inclusion with the Form 1040.
- To file a Form 1040-X if a Form 1040 was filed without reporting the Schedule H tax.
- To resubmit a Schedule H, after verifying all Schedule H entries, if they are not required to file Form 1040 (if they answered "No" to "Are you required to file Form 1040).

Include Notice 1207, File Schedule H (Household Employment Taxes) With Your Individual Income Tax Return, when returning Schedule H to the taxpayer.

(3) When preparing a "dummy" Form 1040 for processing:

1. Dummy Form 1040, Schedule 2, by entering the total tax shown on Schedule H as follows:  
Schedule 2, lines 9 and 21 (for tax year 2021 and later. For prior years, refer to Form 1040 and or the correct schedule for correct line numbers).
2. Dummy Form 1040 by entering the name and address from Schedule H.
3. Enter filing status 1 or 2 based on the Schedule H name line.
4. Enter Computer Condition Code 3 as shown in IRM 3.11.3.3.7.3, Computer Condition Code (CCC).
5. Enter the amount of tax from Schedule 2 on Form 1040 lines 23, 24, and 37 (for tax year 2021 and later. For prior years, refer to Form 1040 for correct line numbers)

6. Enter Return Processing Code Y as shown in IRM 3.11.3.3.7.5, Return Processing Code (RPC).

See IRM 21.5.1.5.5, *Processing/Reprocessing CII Tax Returns*, for more edits and routing instructions.

(4) See IRM 21.6.4.4.8(8), Schedule H, Household Employment Taxes, for information about the ASED on a loose Schedule H.

**IRM 21.6.4.4.14.2 Updated paragraph 4 to allow adjustments to self-employment income after an expired ASED.**

(4) Generally, self-employment income cannot be adjusted after the statute of limitations. However, when income was reported under the wrong spouse, resulting in no tax change, and only requires moving income from the primary to the secondary, or secondary to the primary, the adjustment is allowable. If the ASED is expired but the return was received prior to the expiration, you can input adjustments to the primary or secondary self-employment income to ensure the Social Security Administration receives notification of the timely filed self-employment income. Follow established procedures for any barred tax assessment. See IRM 25.6.1, *Statute of Limitations Processes and Procedures*, for more information.