

F 5329 for Joyce

- Joyce, age 50, has no medical insurance. She took a \$10K distribution (code 1) from her traditional IRA in June 2013 when she broke her arm. Medical expenses were \$8K. She used the remaining \$2K on household repairs. Her AGI is \$50K.

Q1: How much of the \$10K is subject to income tax?

Q2: What is the penalty on Line 58 of F1040?

See p. 3 of Form 5329 instructions.

TaxWise Screen of Form 5329 Part I (Parts II – IV Out of Scope)

US 5329

Additional Taxes on Qualified Plans and Other Favored Accounts

2012

Name:



SSN:

111-11-1111

Check if filing this form by itself and not with your tax return

Address:

Check if

City, state, Zip code:

amended:

\$10,000

Part I: Additional Tax on Early Distributions

Part-year resident state:

1	Early distributions included in income		0.
2	Early distributions on line 1 that are not subject to additional tax. Enter the appropriate exception number (01-12). F3 if highlighted and no exception applies		0.
3	Amount subject to additional tax		0.
4	Additional tax. 10% of line 3. SIMPLE plans are taxed at 25% instead of 10%. Distribution from SIMPLE plans shown on Forms 1099R	0.	0.

Exception Codes

Pub 4012 – Page H-2

01	Qualified retirement plan distributions (does not apply to IRAs) if you separated from service in or after the year you reach age 55 (age 50 for qualified public safety employees).
02	Distributions made as part of a series of substantially equal periodic payments (made at least annually) for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated beneficiary (if from an employer plan, payments must begin after separation from service).
03	Distributions due to total and permanent disability.
04	Distributions due to death (does not apply to modified endowment contracts).
05	Qualified retirement plan distributions up to (1) the amount you paid for unreimbursed medical expenses during the year minus (2) 7.5 10% of your adjusted gross income for the year.
06	Qualified retirement plan distributions made to an alternate payee under a qualified domestic relations order (does not apply to IRAs).
07	IRA distributions made to unemployed individuals for health insurance premiums.
08	IRA distributions made for higher education expenses.
09	IRA distributions made for purchase of a first home, up to \$10,000.
10	Distributions due to an IRS levy on the qualified retirement plan.
11	Qualified distributions to reservists while serving on active duty for at least 180 days.
12	Other (see <i>Other</i> , below). Also, enter this code if more than one exception applies. *

- The entire distribution of \$10,000 is subject to income tax (Line 15 of F 1040).
- Line 1 of F5329 = \$10,000 [Early distribution included in income.]
- Line 2 = Code 5--Medical expenses that exceed 10% of AGI
 - = \$8,000 – 10% of \$50,000
 - = \$8,000 – \$5,000
 - = \$3,000

Note: Schedule A would show us this amount.

Form 5329 Continued

- Line 3 [Amount subject to additional tax]
= \$10,000 - \$3,000
= \$ 7,000
- Line 4 = [Penalty]
= 10% of Line 3
= \$ 700

US 5329

Additional Taxes on Qualified Plans and Other Favored Accounts

2012

Name: [REDACTED]

SSN: 111-11-1111

Check if filing this form by itself and not with your tax return

Code 5

\$ 3,000

City, state
Foreign country
Foreign postal code:

Check if amended:

Part I: Additional Tax on Early Distributions

Part-year resident state: [REDACTED]

1	Early distributions included in income	10000.
2	Early distributions on line 1 that are not subject to additional tax. Enter the appropriate exception number (01-12). F3 if highlighted and no exception applies:	5 3,000.
3	Amount subject to additional tax	7,000.
4	Additional tax. 10% of line 3. SIMPLE plans are taxed at 25% instead of 10%. Distribution from SIMPLE plans shown on Forms 1099R	0. 700.

Form 1040 Page 2

Other Taxes

56	Self-employment tax	<input type="checkbox"/> Form 4029	<input type="checkbox"/> Form 4361	<input type="checkbox"/> Exempt Notary	0.
57	Social security \ Medicare tax from	<input type="checkbox"/> Form 4137	<input type="checkbox"/> Form 8919	<input type="checkbox"/> RRTA	0.
58	Additional tax on IRAs, other qualified retirement plans, etc				700.
59	Additional taxes				
a	Household employment taxes. Schedule H				0.
b	First-time homebuyer credit repayment. Form 5405				0.
60	Other taxes . . .	UT: 0.	MSA: 0.	72M5: 0.	
		EPP: 0.	453A (C): 0.	S72P: 0.	
		ADT: 0.	4255: 0.	8828: 0.	
		IECR: 0.	8834: 0.	8866: 0.	
		MEDMSA: 0.	8697: 0.	8611: 0.	
		ECCFR: 0.	HSA: 0.	NQDC: 0.	
		453 (I) 3: 0.	1260 (B): 0.	FITPP: 0.	
		HDHP: 0.	HCTC: 0.	Cobra: 0.	
		8936: 0.	AMVCR: 0.		

Form 8693 attached for Form 8611. Enter date approved: