

#6 – Energy Credits, RMD, Sch C Medical, State Payments

* **Energy Credits** - Whenever the taxpayer is asking to include Energy Credits in their return, it is important to verify eligibility using the handout on the Counselor Resource Page - "Form 5695 Energy Credits TY2022."

* **RMD** - If a taxpayer has failed to take an RMD from a qualified retirement plan, they need to report it to the IRS and request a waiver of the 50% tax. This is done on Form 5329, Part IX. The return is out of scope if a waiver is not requested for the portion of the RMD not distributed. See Pub. 4012. page H-4.2 for details on how to fill out the Form 5329.

* **Sch C Medical Expenses** - If the taxpayer has purchased health insurance from the marketplace and is eligible for the premium tax credit, they receive tax information on a Form 1095-A. If the taxpayer also is self-employed, we cannot add health insurance costs from the Form 1095-A to the medical expenses on the Schedule C, so the return is Out Of Scope. (Pub. 4012, pg E-5)

* **State Payments** - Some taxpayers may receive payments from the state that we have not seen in the past. There are a variety of state programs that distributed these payments in 2022 and the rules surrounding them are complex. The latest statement from the IRS says: *The IRS has determined that in the interest of sound tax administration and other factors, taxpayers in many states [including Florida] will not need to report these payments on their 2022 tax returns. During a review, the IRS determined it will not challenge the taxability of payments related to general welfare and disaster relief.* Currently, there is only one of these payments that qualifies for tax-free status in Florida. It is for HOPE FLORIDA - A PATHWAY TO PROSPERITY. It is a pandemic temporary assistance to needy families. If a taxpayer receives this payment, they do not have to include it in their income. For further information, see <https://www.irs.gov/newsroom/irs-issues-guidance-on-state-tax-payments-to-help-taxpayers>.