

Are your social security benefits taxable?

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If you've recently begun receiving Social Security benefits or plan to apply in the near future, you may be wondering this tax season: are Social Security benefits taxable?

The short answer is: sometimes.

Some people have to pay federal income taxes on their Social Security benefits. This usually happens only if you have other substantial income (such as wages, self-employment, interest, dividends and other taxable income that must be reported on your tax return) in addition to your Social Security benefits.

There is never a case when a person pays tax on more than 85 percent of his or her Social Security benefits, based on Internal Revenue Service (IRS) rules. Now, let's get down to the numbers.

If you file a federal tax return as an individual and your income is between \$25,000 and \$34,000, you may have to pay income tax on up to 50 percent of your benefits. If your income is more than \$34,000, then up to 85 percent of your benefits may be taxable.

If you are married and you file a joint return, and you and your spouse have a combined income that is between \$32,000 and \$44,000, you may have to pay income tax on up to 50 percent of your benefits. If your combined income is more than \$44,000, then up to 85 percent of your benefits may be taxable.

Note that your "income" for the purpose of determining whether you must pay taxes on some of your Social Security benefits includes your adjusted gross income, your nontaxable interest, and one half of your Social Security benefits. Visit www.socialsecurity.gov/planners/taxes.htm for more information.

In January, you should have received a Social Security Benefit Statement showing the amount of benefits you received last year. You can use this statement, or SSA-1099, when completing your federal income tax return to find out whether some of your benefits are subject to federal income tax. If you didn't receive yours, you can request one at www.socialsecurity.gov/1099.

So, are your Social Security benefits taxable? Maybe. To learn more, read page 14 of our booklet, Retirement Benefits, available at www.socialsecurity.gov/pubs or visit www.irs.gov/ to obtain more detailed information on the subject.