Tax Attorney David Potts - Taxpayers need to remember their Social Security benefits may be taxable

February 9, 2022

It is important for Taxpayers receiving Social Security benefits to remember they may have to pay federal income tax on a portion of those benefits.

Social Security benefits include monthly retirement, survivor and disability benefits. They don't include supplemental security income payments, which aren't taxable.

The portion of benefits that are taxable depends on the taxpayer's income and filing status.
To determine if their benefits are taxable, taxpayers should take half of the Social Security money they collected during the year and add it to their other income. Other income includes pensions, wages, interest, dividends and capital gains.

- If they are single and that total comes to more than $25,000, then part of their Social Security benefits may be taxable.
- If they are married filing jointly, they should take half of their Social Security, plus half of their spouse's Social Security, and add that to all their combined income. If that total is more than $32,000, then part of their Social Security may be taxable.

Fifty percent of a taxpayer's benefits may be taxable if they are:

- Filing single, head of household or qualifying widow or widower with $25,000 to $34,000 income.
- Married filing separately and lived apart from their spouse for all of 2020 with $25,000 to $34,000 income.
- Married filing jointly with $32,000 to $44,000 income.

Up to 85% of a taxpayer's benefits may be taxable if they are:

- Filing single, head of household or qualifying widow or widower with more than $34,000 income.
- Married filing jointly with more than $44,000 income.
- Married filing separately and lived apart from their spouse for all of 2021 with more than $34,000 income.

- Married filing separately and lived with their spouse at any time during 2021.

Attorneys

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