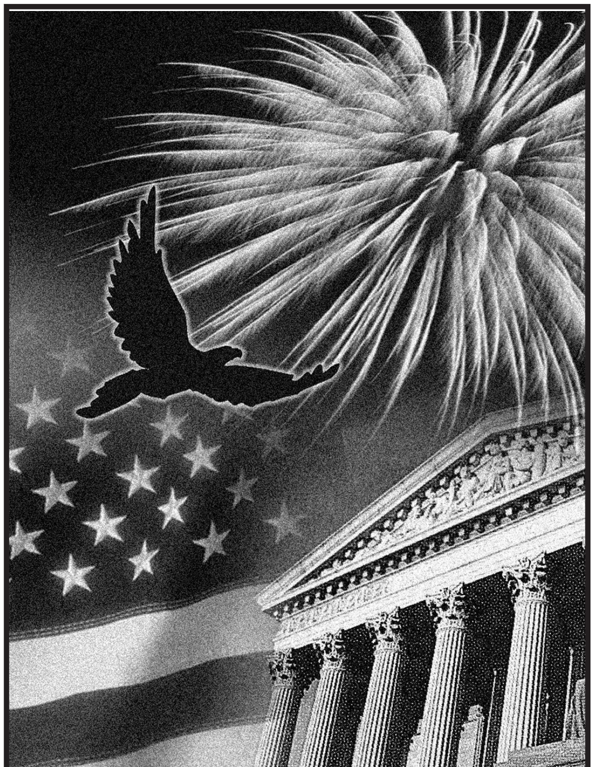
Publication 907

Tax Highlights for Persons With Disabilities

For use in preparing

2025 Returns



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Future Developments

For the latest information about developments related to Pub. 907, such as legislation enacted after this publication was published, go to *IRS.gov/Pub907*.

What's New

Annual contribution limit. For 2025, the maximum amount that can be contributed to your ABLE account is $19,000. Certain employed ABLE account beneficiaries may contribute a limited additional amount. See *Contribution limitation*, later.

Retirement savings contributions credit (saver's credit) income limits increased. For 2025, your modified adjusted gross income must be not more than $39,500 ($79,000 if married filing jointly; $59,250 if head of household). See *Credit for Qualified Retirement Savings Contributions*, later.

Introduction

An ABLE account. The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE) was enacted to help people with disabilities or who are blind save money in a tax-favored ABLE account to maintain health, independence, and quality of life. Compare ABLE programs on the websites of state governments to see which program is best suited for you. See *ABLE Account*, later.

***my* Social Security account.** Social security beneficiaries can obtain helpful information from the Social Security Administration's website with a ***my* Social Security** account. See *Social Security and Railroad Retirement Benefits*, later.

This publication concerns people with disabilities and those who care for them. It includes highlights about:

- Income,
- Itemized deductions,
- Tax credits,
- Household employers,
- Business tax incentives, and
- ABLE accounts.

You will find most of the information you need to complete your tax return in its instructions.

See *How To Get Tax Help* at the end of this publication for information about getting publications, forms, and free tax services.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can send us comments through *IRS.gov/FormComments*. Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

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Income

All income is taxable unless it is specifically excluded by law. The following discussions highlight some taxable and nontaxable income items. For information about distributions from an ABLE account, see *ABLE Account*, later.

Dependent Care Benefits

Dependent care benefits include the following.

- Amounts your employer paid directly to you or your care provider for the care of your qualifying person(s) while you worked.
- The fair market value (FMV) of care in a daycare facility provided or sponsored by your employer.
- Pre-tax contributions you made under a dependent care flexible spending arrangement.

Exclusion or deduction. If your employer provides dependent care benefits under a qualified plan, you may be able to exclude these benefits from your income. Your employer can tell you whether your benefit plan qualifies. To claim the exclusion, you must complete Part III of Form 2441, Child and Dependent Care Expenses.

If you are self-employed and receive benefits from a qualified dependent care benefit plan, you are treated as both employer and employee. Therefore, you wouldn't get an exclusion from wages. Instead, you would get a deduction on one of the following Form 1040 or 1040-SR schedules: Schedule C, line 14; Schedule E, line 19 or 28; or Schedule F, line 15. To claim the deduction, you must use Form 2441.

The amount you can exclude or deduct is limited to the smallest of the following.

1. The total amount of dependent care benefits you received during the year.
2. The total amount of qualified expenses you incurred during the year.
3. Your earned income.
4. Your spouse's earned income.

Statement for employee. Your employer must give you a Form W-2 (or similar statement) showing in box 10 the total amount of dependent care benefits provided to you during the year under a qualified plan. Your employer will also include any dependent care benefits over $5,000 for 2025 in your wages shown on your Form W-2 in box 1.

Qualifying person(s). A qualifying person is any of the following.

- A qualifying child who is under age 13 whom you can claim as a dependent. If the child turned 13 during the year, the child is a qualifying person for the part of the year they were under age 13.
- Your disabled spouse who isn't physically or mentally able to care for themselves.
- Any disabled person who wasn't physically or mentally able to care for themselves whom you can claim as a dependent (or could claim as a dependent except that the person had gross income of $5,200 or more or filed a joint return).
- Any disabled person who wasn't physically or mentally able to care for themselves whom you could claim as a dependent except that you (or your spouse if filing jointly) could be claimed as a dependent on another taxpayer's 2025 return.

For information about excluding benefits on Form 1040, Form 1040-SR, or Form 1040-NR, see Form 2441 and its instructions.

Social Security and Railroad Retirement Benefits

***my* Social Security account.** Social security beneficiaries may quickly and easily obtain the following information from the Social Security Administration's website with a *my* Social Security account.

- Keep track of your earnings and verify them every year.
- Get an estimate of your future benefits if you are still working.
- Get a letter with proof of your benefits if you currently receive them.
- Change your address.
- Start or change your direct deposit.
- Get a replacement Medicare card.
- Get a replacement SSA-1099 or SSA-1042S for the tax season.

For more information and to set up an account, go to SSA.gov/MyAccount.

If you received social security or equivalent tier 1 railroad retirement (RRTA) benefits during the year, part of the amount you received may be taxable.

Are any of your benefits taxable? If the only income you received during the year was your social security or equivalent tier 1 RRTA benefits, your benefits are generally not taxable.

If you received income during the year in addition to social security or equivalent tier 1 RRTA benefits, part of your benefits may be taxable if all of your other income, including tax-exempt interest, plus half of your benefits are more than:

- $25,000 if you are single, head of household, or qualifying surviving spouse;
- $25,000 if you are married filing separately and lived apart from your spouse for all of 2025;
- $32,000 if you are married filing jointly; or
- $0 if you are married filing separately and lived with your spouse at any time during 2025.

For more information, see the instructions for Form 1040 or 1040-SR, lines 6a and 6b, and Pub. 915, Social Security and Equivalent Railroad Retirement Benefits.

Supplemental Security Income (SSI) payments. Social security benefits don't include SSI payments, which aren't taxable. Don't include these payments in your income.

Disability Pensions

If you retired on disability, you must include in income any disability pension you receive under a plan that is paid for by your employer. You must report your taxable disability payments as wages on line 1h of Form 1040 or 1040-SR until you reach minimum retirement age. Minimum retirement age is generally the age at which you can first receive a pension or annuity if you aren't disabled.

Tip: You may be entitled to a tax credit if you were permanently and totally disabled when you retired. See Pub. 524, Credit for the Elderly or the Disabled.

Beginning on the day after you reach minimum retirement age, payments you receive are taxable as a pension or annuity. Report the payments on Form 1040 or 1040-SR, lines 5a and 5b. See Pub. 575, Pension and Annuity Income.

Terrorist attacks. Don't include in income the disability payments you receive for injuries incurred as a direct result of terrorist attacks directed against the United States (or its allies), whether outside or within the United States. In the case of the September 11 attacks, injuries eligible for coverage by the September 11 Victim Compensation Fund are treated as incurred as a direct result of the attack. However, you must include in your income any amounts that you received that you would have received in retirement had you not become disabled as a result of a terrorist attack. Accordingly, you must include in your income any payments you receive from a 401(k), pension, or other retirement plan to the extent that you would have received the amount at the same or later time regardless of whether you had become disabled.

Tip: Contact the company or agency making these payments if it incorrectly reports your payments as taxable income to the IRS on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., to request that it reissue the form to report some or all of these payments as nontaxable income in box 12 (using code J) of Form W-2, or in box 1 of Form 1099-R but not in box 2a. If income taxes are being incorrectly withheld from these payments, you may also submit Form W-4P, Withholding Certificate for Pension or Annuity Payments, to the company or agency to stop the withholding of income taxes from the payments.

Disability payments you receive for injuries not incurred as a direct result of a terrorist attack, or for illnesses or diseases not resulting from an injury incurred as a direct result of a terrorist attack, cannot be excluded from your income under this provision, but may be excludable for other reasons as described in this publication.

Retirement and profit-sharing plans. If you receive payments from a retirement or profit-sharing plan that doesn't provide for disability retirement, don't treat the payments as a disability pension. The payments must be reported as a pension or annuity.

Accrued leave payment. If you retire on disability, any lump-sum payment you receive for accrued annual leave is a salary payment. The payment isn't a disability payment. Include it in your income in the tax year you receive it.

See Pub. 525, Taxable and Nontaxable Income.

Military and Government Disability Pensions

Generally, you must report disability pensions as income, but don't include certain military and government disability pensions. See Pub. 525.

VA disability benefits. Don't include disability benefits you receive from the Department of Veterans Affairs (VA) in your gross income. If you are a military retiree and don't receive your disability benefits from the VA, see Pub. 525 for more information.

Don't include in your income any veterans' benefits paid under any law, regulation, or administrative practice administered by the VA. These include:

- Education, training, and subsistence allowances;
- Disability compensation and pension payments for disabilities paid to veterans or their families;
- Grants for homes designed for wheelchair living;

- Grants for motor vehicles for veterans who lost their sight or the use of their limbs;
- Veterans' insurance proceeds and dividends paid to veterans or their beneficiaries, including the proceeds of a veteran's endowment policy paid before death;
- Interest on insurance dividends left on deposit with the VA;
- Benefits under a dependent-care assistance program;
- The death gratuity paid to a survivor of a member of the U.S. Armed Forces who died after September 10, 2001; or
- Payments made under the VA's compensated work therapy program.

Other Payments

You may receive other payments that are related to your disability. The following payments aren't taxable.

- Benefit payments from a public welfare fund, such as payments due to blindness.
- Workers' compensation for an occupational sickness or injury if paid under a workers' compensation act or similar law.
- Compensatory (but not punitive) damages for physical injury or physical sickness.
- Disability benefits under a “no-fault” car insurance policy for loss of income or earning capacity as a result of injuries.
- Compensation for permanent loss or loss of use of a part or function of your body, or for your permanent disfigurement.

Long-Term Care Insurance

Long-term care insurance contracts are generally treated as accident and health insurance contracts. Amounts you receive from them (other than policyholder dividends or premium refunds) are generally excludable from income as amounts received for personal injury or sickness. See Pub. 525.

Accelerated Death Benefits

You can exclude from income accelerated death benefits you receive on the life of an insured individual if certain requirements are met. Accelerated death benefits are amounts received under a life insurance contract before the death of the insured. These benefits also include amounts received on the sale or assignment of the contract to a viatical settlement provider. This exclusion applies only if the insured was a terminally ill individual or a chronically ill individual. See Pub. 525.

Itemized Deductions

If you file Form 1040 or 1040-SR, to lower your taxable income, you can generally claim the standard deduction or itemize your deductions, such as medical expenses, using Schedule A (Form 1040). For impairment-related work expenses, use the appropriate business form (1040 Schedules C, E, and F; or Form 2106, Employee Business Expenses).

Medical Expenses

When figuring your deduction for medical expenses, you can generally include medical and dental expenses you pay for yourself, your spouse, and your dependents.

Medical expenses are the cost of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. They include the costs of equipment, supplies, diagnostic devices, and transportation for needed medical care and payments for medical insurance.

You can deduct only the amount of your medical and dental expenses that is more than 7.5% of your adjusted gross income shown on Form 1040 or 1040-SR, line 11.

The following list highlights some of the medical expenses you can include in figuring your medical expense deduction.

- Artificial limbs, contact lenses, eyeglasses, and hearing aids.
- The part of the cost of Braille books and magazines that is more than the price of regular printed editions.
- Cost and repair of special telephone equipment for hearing-impaired persons.
- Cost of a wheelchair used mainly for the relief of sickness or disability, and not just to provide transportation to and from work. The cost of operating and maintaining the wheelchair is also a medical expense.
- Cost and care of a guide dog or other animal aiding a person with a physical disability.
- Costs for a school that furnishes special education if a principal reason for using the school is its resources for relieving a mental or physical disability. This includes the cost of teaching Braille and lip reading and the cost of remedial language training to correct a condition caused by a birth defect.
- Premiums for qualified long-term care insurance, up to certain amounts.
- Improvements to a home that do not increase its value if the main purpose is medical care. An example is constructing entrance or exit ramps.

Tip: Improvements that increase a home's value, if the main purpose is medical care, may be partly included as a medical expense. See Pub. 502, Medical and Dental Expenses.

Impairment-Related Work Expenses

If you are disabled, you can take a business deduction for expenses that are necessary for you to be able to work. If you take a business deduction for these impairment-related work expenses, they are not subject to the 7.5% limit that applies to medical expenses.

You are disabled if you have:

- A physical or mental disability (for example, blindness or deafness) that functionally limits your being employed; or
- A physical or mental impairment (including, but not limited to, a sight or hearing impairment) that substantially limits one or more of your major life activities, such as performing manual tasks, walking, speaking, breathing, learning, or working.

Impairment-related expenses defined. Impairment-related expenses are those ordinary and necessary business expenses that are:

- Necessary for you to do your work satisfactorily;
- For goods and services not required or used, other than incidentally, in your personal activities; and
- Not specifically covered under other income tax laws.

See Pub. 502.

Tax Credits

This discussion highlights four tax credits which may lower your tax due and may be refundable.

Child and Dependent Care Credit

If you pay someone to care for your dependent under age 13 or your spouse or dependent who is not able to care for themselves, you may be able to get a credit of up to 35% of your expenses. To qualify, you must pay these expenses so you can work or look for work. The care must be provided for:

1. Your qualifying child who is your dependent and who was under age 13 when the care was provided;
2. Your spouse who was not physically or mentally able to care for themselves and lived with you for more than half the year; or
3. A person who was not physically or mentally able to care for themselves, lived with you for more than half the year, and either:
   a. Was your dependent; or
   b. Would have been your dependent except that:
      i. They had gross income of $5,200 or more;
      ii. They filed a joint return; or
      iii. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2025 return.

You can claim the credit on Form 1040 or 1040-SR. You figure the credit on Form 2441.

For more information, see the instructions for Schedule R (Form 1040).

Credit for the Elderly or the Disabled

You may be able to claim this credit if you are a U.S. citizen or a resident alien and either of the following applies.

- You were 65 or older at the end of 2025.
- You were under 65 at the end of 2025, and retired on permanent or total disability.

You can claim the credit on Form 1040 or 1040-SR. You figure the credit on Schedule R (Form 1040), Credit for the Elderly or the Disabled.

For more information, see the Instructions for Schedule R (Form 1040).

Earned Income Credit

This credit is for workers with low to moderate incomes who have a qualifying child or meet other qualifications. You can get the credit if your adjusted gross income for 2025 is less than:

- $19,104 ($26,214 for married filing jointly) if you do not have a qualifying child,
- $50,434 ($57,554 for married filing jointly) if you have one qualifying child,
- $57,310 ($64,430 for married filing jointly) if you have two qualifying children, or
- $61,555 ($68,675 for married filing jointly) if you have three or more qualifying children.

To figure the credit, use the worksheet in the Instructions for Form 1040. If you have a qualifying child, also complete Schedule EIC (Form 1040), Earned Income Credit, and attach it to your Form 1040 or 1040-SR.

Qualifying child. To be a qualifying child, your child must be younger than you (or your spouse if married filing jointly) and under age 19 or a full-time student under age 24 at the end of 2025, or permanently and totally disabled at any time during 2025, regardless of age.

Earned income. If you are retired on disability, benefits you receive under your employer's disability retirement plan are considered earned income until you reach minimum retirement age. However, payments you received from a disability insurance policy that you paid the premiums for are not earned income.

More information. For more information, including all the requirements to claim the earned income credit, see the instructions for Form 1040 or 1040-SR, line 27, and Pub. 596, Earned Income Credit.

Credit for Qualified Retirement Savings Contributions

You may be able to claim the credit for qualified retirement savings contributions (also known as the saver's credit) of up to $1,000 (up to $2,000 if filing jointly) if you make eligible contributions to your ABLE account. This is a nonrefundable credit, which means the amount of the credit in any year can't be more than your tax that you would otherwise pay (not counting any refundable credits) for any tax year. If your tax liability is reduced to zero because of other nonrefundable credits, such as the credit for child and dependent care expenses, then you won't be entitled to this credit.

Can you claim the credit? If you make eligible contributions to your ABLE account, you can claim the credit if all of the following apply.

1. You were born before January 2, 2008.
2. You aren't a full-time student (explained later).
3. No one else, such as your parent(s), claims an exemption for you on their tax return.
4. Your adjusted gross income (defined below) isn't more than:
   a. $79,000 if your filing status is married filing jointly;
   b. $59,250 if your filing status is head of household; or
   c. $39,500 if your filing status is single, married filing separately, or qualifying surviving spouse.

Full-time student. You're a full-time student if, during some part of each of 5 calendar months (not necessarily consecutive) during the calendar year, you're either:

- A full-time student at a school that has a regular teaching staff, course of study, and regularly enrolled body of students in attendance; or
- A student taking a full-time, on-farm training course given by either a school that has a regular teaching staff, course of study, and regularly enrolled body of students in attendance, or a state, county, or local government.

You're a full-time student if you're enrolled for the number of hours or courses the school considers to be full time.

Adjusted gross income. This is generally the amount on your 2025 Form 1040, 1040-SR, or 1040-NR, line 11. However, you must add to that any exclusion or deduction claimed for the year for:

- Foreign earned income,
- Income from bona fide residents of American Samoa, and
- Income from Puerto Rico.

Eligible contributions. Include on Form 8880 your contributions made before 2026 to your ABLE account, as defined in section 529A, up to the annual contribution limit, to figure the amount, if any, of your retirement savings contributions credit (also known as the saver's credit).

Reducing eligible contributions. Reduce your eligible contributions (but not below zero) by the total distributions you received during the testing period from any ABLE account or from any retirement plan. Don't reduce your eligible contributions by the portion of any distribution that is rolled over to another ABLE account.

Distributions received by spouse. Any distributions your spouse received are treated as received by you if you file a joint return with your spouse both for the year of the distribution and for the year for which you claim the credit.

Testing period. The testing period consists of the year for which you claim the credit, the period after the end of that year and before the due date (including extensions) for filing your return for that year, and the 2 tax years before that year.

Maximum eligible contributions. After your contributions are reduced, the maximum annual contribution on which you can base the credit is $2,000 per person.

Effect on other credits. The amount of this credit won't change the amount of your refundable tax credits. A refundable tax credit, such as the earned income credit or the refundable amount of your child tax credit, is an amount that you would receive as a refund even if you don't owe any taxes.

More information on how to figure and report the credit. See Form 8880 to determine your credit.

Household Employers

If you pay someone to work in your home, such as a babysitter or housekeeper, you may be a household employer who has to pay employment taxes.

A person you hire through an agency is not your employee if the agency controls what work is done and how it is done. This control could include setting the fee, requiring regular reports, and providing rules of conduct and appearance. In this case, you do not have to pay employment taxes on the amount you pay. But if you control what work is done and how it is done, the worker is your employee. If you possess the right to discharge a worker, that worker is generally considered to be your employee. If a worker is your employee, it does not matter that you hired the worker through an agency or from a list provided by an agency.

To find out if you have to pay employment taxes, see Pub. 926, Household Employer's Tax Guide.

Business Tax Incentives

If you own or operate a business, you should be aware of the following tax incentives for businesses to help persons with disabilities.

- **Deduction for costs of removing barriers to the disabled and the elderly**—This is a deduction a business can take for making a facility or public transportation vehicle more accessible to and usable by persons who are disabled or elderly. See chapter 7 of Pub. 535, Business Expenses.
- **Disabled access credit**—This is a nonrefundable tax credit for an eligible small business that pays or incurs expenses to provide access to persons with disabilities. The expenses must be to enable the eligible small business to comply with the Americans with Disabilities Act of 1990 as in effect on November 5, 1990. See Form 8826, Disabled Access Credit.
- **Work opportunity credit**—This credit provides businesses with an incentive to hire individuals from targeted groups that have a particularly high unemployment rate or other special employment needs. One targeted group consists of vocational rehabilitation referrals. These are individuals who have a physical or mental disability that results in a substantial handicap to employment and who have been referred to the employer upon completion of (or while receiving) rehabilitative services. See Form 5884, Work Opportunity Credit.

ABLE Account

Overview. Compare ABLE programs on the websites of state governments to see which program is best suited for you.

- An ABLE account is a tax-favored savings account that can accept contributions for an eligible individual with a disability or who is blind, and who is the designated beneficiary and owner of the account. The account is used to provide for qualified disability expenses.
- An ABLE account is generally disregarded for purposes of determining eligibility for benefits under Supplemental Security Income (SSI) and certain other means-tested federal programs. For further information, go to *SSA.gov*.
- A designated beneficiary is limited to only one ABLE account at a time (for exceptions, see *Rollovers, program-to-program transfers, and beneficiary changes*, later). If an additional ABLE account is opened (other than for receiving a rollover or program-to-program transfer), it is still an ABLE account if either all contributions made to the additional account are returned to the contributors or the additional account is transferred into your preexisting ABLE account with any excess contributions and excess aggregate contributions being returned to the contributors, on or before the due date (including extensions) of your federal income tax return for the year in which the additional account was established.
- Earnings in an ABLE account aren't taxed unless a distribution exceeds a designated beneficiary's qualified disability expenses. A designated beneficiary doesn't include distributions for qualified disability expenses in their income. Qualified disability expenses include any expenses incurred at a time when the designated beneficiary is an eligible individual. The expenses must relate to blindness or disability, including expenses for maintaining or improving health, independence, or quality of life.
- Contributions to an ABLE account are not tax deductible and must be in cash or cash equivalents. Anyone, including the designated beneficiary, can contribute to an ABLE account. An ABLE account is subject to an annual contribution limit and a cumulative balance limit.
- Upon your death, as a designated beneficiary, any state may file a claim (either with the person with signature authority over your ABLE account or the executor of your estate) for the amount of the total medical assistance paid to you under the state's Medicaid plan after you (or a person with authority to open an ABLE account on your behalf) established an ABLE account. The amount paid in satisfaction of such a claim is not a taxable distribution from your ABLE account. Further, this amount is paid to the state only after all your qualified disability expenses have been paid from your ABLE account and the amount paid to satisfy the state's claim is reduced by the amount of all premiums you paid to a Medicaid Buy-In program under that state's Medicaid plan.

Who can establish an ABLE account and what are the requirements? You may establish an ABLE account if your blindness or disability occurred before age 26. As a disabled individual, you may be eligible if either of the following applies.

- You are entitled to benefits based on blindness or disability under title II or XVI of the Social Security Act.
- You file a disability certification under the rules of your qualified ABLE program, which will include information regarding your diagnosis relating to your relevant impairment or impairments signed by a physician (as defined in section 1861(r) of the Social Security Act). You must certify one of the following.
  ► You have a medically determinable physical or mental impairment which results in marked and severe functional limitations, which (a) can be expected to result in death, or (b) lasted or can be expected to last for a continuous period of not less than 12 months.
  ► You are blind within the meaning of section 1614(a)(2) of the Social Security Act.

You may choose to have someone else establish an ABLE account for you. If you're unable to establish an ABLE account, your agent, under a power of attorney, or if none, your conservator or legal guardian, spouse, parent, sibling, grandparent, or a representative payee appointed for you by the Social Security Administration (SSA), in that order, can establish it for you. However, only you, the designated beneficiary, can have any interest in the account during your lifetime.

Loss of eligible individual status. If you establish an ABLE account and later cease to be an eligible individual because, for example, your impairment goes into remission, then beginning the first day of the next year no contributions may be accepted by your ABLE account. If you cease to be an eligible individual, then for each tax year in which you are not an eligible individual, the account will continue to be an ABLE account, and the ABLE account will not be deemed to be distributed. Contributions may resume after the impairment recurs. You should notify your ABLE program of any changes in your eligibility status.

Distributions from your ABLE account during a period you're no longer an eligible individual aren't for qualified disability expenses and therefore are possibly subject to tax. The earnings portion of a distribution (determined under section 72) made from your ABLE account to you when you're no longer an eligible individual may be taxable.

Example. In 2025, the taxpayer is an eligible individual with $2,400 in their ABLE account. $2,000 of this is from contributions, and $400 is earnings. During 2025, the taxpayer's disability goes into remission and they are no longer an eligible individual. In 2026, a distribution of $2,400 is made to the taxpayer from the ABLE account while they aren't an eligible individual. The earnings portion, $400, is included in the taxpayer's gross income after the calculation in Table 1. Figuring the Taxable Portion of a Distribution.

Contribution limitation. The total annual contributions to an ABLE account (including amounts rolled over from a section 529 account, but not other amounts received in rollovers and/or program-to-program transfers between ABLE accounts) are limited to the annual gift tax exclusion amount ($19,000 for 2025), plus certain employed ABLE account beneficiaries may make an additional contribution up to the lesser of these amounts: (1) the designated beneficiary's compensation for the tax year, or (2) the poverty line amount of $15,650 in the continental United States, $17,990 in Hawaii and $19,550 in Alaska. The designated beneficiary's contribution limit is determined using the poverty guideline applicable in the state of the designated beneficiary's residence. An employed designated beneficiary isn't eligible for the increased contribution limit for the tax year if any contribution is made on behalf of the employee to a qualified defined contribution plan (within the meaning of section 414(i)), a section 403(b) plan, or a section 457(b) plan. Also, contributions may not exceed an annual cumulative limit, which is the same as the state's section 529 qualified tuition program limit.

What if amounts contributed to your ABLE account are greater than the annual contribution limit? If amounts contributed to your ABLE account are greater than the annual contribution limit, the excess contributions and the earnings on those contributions must be returned to the contributors. The ABLE program should do this on or before the due date (including any extensions) of your income tax return and must notify you of this action. The due date of your income tax return is generally April 15. However, it is your responsibility or the responsibility of the person acting on your behalf to ensure that certain contributions of your compensation income are not greater than the limit and to request the return of any excess contributions by the ABLE program.

You're subject to a 6% excise tax on the excess contributions and earnings that aren't returned by the ABLE program to the contributors by the due date (including any extensions) of your income tax return. You figure this tax on Form 5329, Part VIII, and file it even if you're not otherwise required to file a federal income tax return.

What if your ABLE account exceeds the cumulative limit? The cumulative limit for an ABLE account is set by each state's ABLE program. If your ABLE account exceeds the cumulative limit, the state's ABLE program will return to the contributors the contributions that caused your account to go over the limit, and notify you of this action by the due date (including any extensions) of your income tax return. The due date of your income tax return is generally April 15.

Distributions. You can take distributions from your ABLE account to pay for any qualified disability expenses, such as expenses for maintaining or improving your health, independence, or quality of life. Qualified disability expenses include those for education, housing, transportation, employment training and support, assistive technology, personal support services, health, prevention and wellness, financial management, administrative services, legal fees, expenses for oversight and monitoring, and funeral and burial expenses.

If distributions from your ABLE account during a year aren't more than your qualified disability expenses for that year, no amount is taxable for that year. If the total amount distributed during a year is more than your qualified disability expenses for that year, the earnings portion of the distribution is included in your income for that year, after the calculation in Table 1.

Table 1. Figuring the Taxable Portion of a Distribution

$$\frac{\text{The year's total distributions for qualified disability expenses}}{\text{The year's total distributions}} \times \text{Earnings portion of the year's distributions} = \text{Amount nontaxable for the year}$$

Example. On August 2, 2025, the taxpayer's ABLE account has a balance of $2,400; $2,000 is from contributions and $400 is earnings. During 2025, the taxpayer has qualified disability expenses of $1,600, but they receive distributions from their ABLE account totaling $2,400 on August 2, 2025. They figure the nontaxable part of their earnings portion as follows.

$$\frac{\text{Distributions for qualified disability expenses: \$1,600}}{\text{Total distributions: \$2,400}} \times \text{Earnings portion of the year's distributions: \$400} = \text{\$266.67, the nontaxable portion of the earnings}$$

The taxpayer will include the difference of $133.33 ($400 – $266.67) in their gross income for 2025.

The tax on any distribution included in your taxable income is increased by 10%. Figure this tax on Form 5329, Part II, and file it even if you're not otherwise required to file a federal income tax return.

Rollovers, program-to-program transfers, and beneficiary changes. If you need to move your ABLE account to another qualified ABLE program to change the designated beneficiary of the account, you can accomplish this through a rollover. If the ABLE program permits, funds can move from one ABLE account to another through a direct program-to-program transfer.

Rollover. You don't include in your gross income any amount distributed to you from your ABLE account if it's rolled over within 60 days to another ABLE account established for you or for an eligible family member and no other rollover has been made within the previous 12 months. Eligible family member means a sibling only, whether by blood or by adoption, and includes a brother, sister, stepbrother, stepsister, half brother, and half sister.

Program-to-program transfer. The entire balance of your ABLE account can be transferred by your ABLE program to another ABLE program. You can also have your ABLE program transfer all or part of the balance in your account to an eligible family member. If the entire balance is transferred, your first ABLE account is closed after the transfer is complete. A program-to-program transfer isn't a distribution so you don't include any of the transferred amount in your gross income.

Change of designated beneficiary. Your ABLE program may permit you to change the beneficiary of your ABLE account from yourself to one of your siblings if your sibling is an eligible individual for the tax year in which you make the change.

Rollover from section 529 tuition account to section 529A ABLE account. Rollovers may be made without penalty from a section 529 tuition account to a section 529A ABLE account if the beneficiary of the ABLE account is the designated beneficiary of the tuition account or is an eligible member of the family. See Notice 2018-58. The limit on annual contributions to an ABLE account, discussed earlier in Contribution limitation, applies to these rollovers.

Information returns for ABLE accounts. You may receive from your ABLE program the following forms which you can use if you need to file an income tax return.

Form 1099-QA, Distributions From ABLE Accounts. An ABLE program issues this form to you to report all distributions made from your ABLE account.

Form 5498-QA, ABLE Account Contribution Information. An ABLE program issues this form to you annually to report contributions (including rollovers), FMV of the account, opening of a new account, certification of a qualified account, and your disability code.

If you have any questions about the amounts on these forms, you should contact your ABLE program administrator.

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to IRS.gov to find resources that can help you right away.

Preparing and filing your tax return. After receiving all your wage and earnings statements (Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

Free options for tax preparation. Your options for preparing and filing your return online or in your local community, if you qualify, include the following.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using software or Free File Fillable Forms. However, state tax preparation may not be available through Free File. Go to IRS.gov/FreeFile to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to IRS.gov/VITA, download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.
- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to IRS.gov/TCE or download the free IRS2Go app for information on free tax return preparation.
- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military OneSource. For more information, go to MilitaryOneSource (MilitaryOneSource.mil/MilTax).

Also, the IRS offers Free Fillable Forms, which can be completed online and then e-filed regardless of income.

Using online tools to help prepare your return. Go to *IRS.gov/Tools* for the following.

- The *Earned Income Tax Credit Assistant* (*IRS.gov/EITCAssistant*) determines if you're eligible for the earned income credit (EIC).
- The *Online EIN Application* (*IRS.gov/EIN*) helps you get an employer identification number (EIN) at no cost.
- The *Tax Withholding Estimator* (*IRS.gov/W4App*) makes it easier for you to estimate the federal income tax you want your employer to withhold from your paycheck. This is tax withholding. See how your withholding affects your refund, take-home pay, or tax due.
- The *First-Time Homebuyer Credit Account Look-up* (*IRS.gov/HomeBuyer*) tool provides information on your repayments and account balance.
- The *Sales Tax Deduction Calculator* (*IRS.gov/SalesTax*) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).

Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- *IRS.gov/Help*: A variety of tools to help you get answers to some of the most common tax questions.
- *IRS.gov/ITA*: The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax topics.
- *IRS.gov/Forms*: Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax information in your e-filing software.

Need someone to prepare your tax return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).

Caution: Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to *Tips for Choosing a Tax Preparer* on IRS.gov.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at *SSA.gov/employer* for fast, free, and secure W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement, and Form W-2c, Corrected Wage and Tax Statement.

Business tax account. If you are a sole proprietor, a partnership, or an S corporation, you can view your tax information on record with the IRS and do more with a business tax account. Go to *IRS.gov/businessaccount* for more information.

IRS social media. Go to *IRS.gov/SocialMedia* to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- *Youtube.com/irsvideos*.
- *Youtube.com/irsvideosASL*.

Online tax information in other languages. You can find information on *IRS.gov/MyLanguage* if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, Braille, large print, audio, etc.). The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to *IRS.gov/LetUsHelp*.

Alternative media preference. Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.
- Braille.
- Audio (MP3).
- Plain Text File (TXT).
- Braille Ready File (BRF).

Disasters. Go to *IRS.gov/DisasterRelief* to review the available disaster tax relief.

Getting tax forms and publications. Go to *IRS.gov/Forms* to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to *IRS.gov/OrderForms* to place an order.

Mobile-friendly forms. You'll need an IRS Online Account (OLA) to complete mobile-friendly forms that require signatures. You'll have the option to submit your form(s) online or download a copy for mailing. You'll need scans of your documents to support your submission. Go to *IRS.gov/MobileFriendlyForms* for more information.

Getting tax publications and instructions in eBook format. Download and view most tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at *IRS.gov/eBooks*.

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Access your online account (individual taxpayers only). Go to *IRS.gov/Account* to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.
- Make a payment or view 5 years of payment history and any pending or scheduled payments.
- Access your tax records, including key data from your most recent tax return, and transcripts.
- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.
- View your address on file or manage your communication preferences.

Get a transcript of your return. With an online account, you can access a variety of information to help you during the filing season. You can get a transcript, review your most recently filed tax return, and get your adjusted gross income. Create or access your online account at *IRS.gov/Account*.

Tax Pro Account. This tool lets your tax professional submit an authorization request to access your individual taxpayer IRS online account. For more information, go to *IRS.gov/TaxProAccount*.

Using direct deposit. The safest and easiest way to receive a tax refund is to e-file and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. If you don't have a bank account, go to *IRS.gov/DirectDeposit* for more information on where to find a bank or credit union that can open an account online.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn't initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to *IRS.gov/IdentityTheft*, the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to *IRS.gov/IPPIN*.

Ways to check on the status of your refund.

- Go to *IRS.gov/Refunds*.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

Caution: The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

Making a tax payment. Payments of U.S. tax must be remitted to the IRS in U.S. dollars. *Digital assets* are **not**

accepted. Go to *IRS.gov/Payments* for information on how to make a payment using any of the following options.

- *IRS Direct Pay*: Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- *Debit Card, Credit Card, or Digital Wallet*: Choose an approved payment processor to pay online or by phone.
- *Electronic Funds Withdrawal*: Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- *Electronic Federal Tax Payment System*: Best option for businesses. Enrollment is required.
- *Check or Money Order*: Mail your payment to the address listed on the notice or instructions.
- *Cash*: You may be able to pay your taxes with cash at a participating retail store.
- *Same-Day Wire*: You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can't pay now? Go to *IRS.gov/Payments* for more information about your options.

- Apply for an *online payment agreement* (*IRS.gov/OPA*) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the *Offer in Compromise Pre-Qualifier* to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to *IRS.gov/OIC*.

Filing an amended return. Go to *IRS.gov/Form1040X* for information and updates.

Checking the status of your amended return. Go to *IRS.gov/WMAR* to track the status of Form 1040-X amended returns.

Caution: It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you've received. Go to *IRS.gov/Notices* to find additional information about responding to an IRS notice or letter.

IRS Document Upload Tool. You may be able use the Document Upload Tool to respond digitally to eligible IRS notices and letters by securely uploading required documents online through IRS.gov. For more information, go to *IRS.gov/DUT*.

Schedule LEP. You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multi-year timeline that began providing translations in 2025. You will continue to receive communications, including notices and letters, in English until they are translated to your preferred language.

Contacting your local TAC. Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to *IRS.gov/LetUsHelp* for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to *IRS.gov/TACLocator* to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is the Taxpayer Advocate Service?

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS). TAS helps taxpayers resolve problems with the IRS, makes administrative and legislative recommendations to prevent or correct the problems, and protects taxpayer rights. We work to ensure that every taxpayer is treated fairly and that you know and understand your rights under the Taxpayer Bill of Rights. We are Your Voice at the IRS.

How Can TAS Help Me?

TAS can help you resolve problems that you haven't been able to resolve with the IRS on your own. Always try to resolve your problem with the IRS first, but if you can't, then come to TAS. Our services are free.

- TAS helps all taxpayers (and their representatives), including individuals, businesses, and exempt organizations. You may be eligible for TAS help if your IRS problem is causing financial difficulty, if you've tried and been unable to resolve your issue with the IRS, or if you believe an IRS system, process, or procedure just isn't working as it should.
- To get help any time with general tax topics, visit *www.TaxpayerAdvocate.IRS.gov*. The site can help you with common tax issues and situations, such as what to do if you make a mistake on your return or if you get a notice from the IRS.
- TAS works to resolve large-scale (systemic) problems that affect many taxpayers. You can report systemic issues at *www.IRS.gov/SAMS*. (Be sure not to include any personal identifiable information.)

How Do I Contact TAS?

TAS has offices in every state, the District of Columbia, and Puerto Rico. To find your local advocate's number:

- Go to www.TaxpayerAdvocate.IRS.gov/Contact-Us,
- Check your local directory, or
- Call TAS toll free at 877-777-4778.

What Are My Rights as a Taxpayer?

The Taxpayer Bill of Rights describes ten basic rights that all taxpayers have when dealing with the IRS. Go towww.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights for more information about the rights, what they mean to you, and how they apply to specific situations you may encounter with the IRS. TAS strives to protect taxpayer rights and ensure the IRS is administering the tax law in a fair and equitable way.