

About Social Security: Types and Taxation

Background

There are four (4) types of benefits paid by the Social Security Administration (SSA), based on the person receiving them.

- **Retirement Benefits** – Available to people 62 or older who have worked at least 10 years. The benefit amount varies depending on pre-retirement salary and the age at which you began collecting benefits. This is the social security most people are familiar with. Retirement benefits are reported on Form SSA-1099 and may be taxable.
- **Disability Benefits** – Also called Social Security Disability Insurance (SSDI). Available to people who cannot work because of disabilities. You must have worked a certain number of years to be eligible, although disabled children are exempted. SSDI is reported on Form SSA-1099 and may be taxable.
- **Survivors Benefits** – Available to widows and widowers, divorced spouses, and children. The level of benefits varies depending on the worker's age at death, salary, and the survivors' ages and relation to the deceased. Survivors benefits are reported on Form SSA-1099 and may be taxable.
- **Supplemental Security Income Benefits** – Also called SSI. Available to adults with disabilities, children with disabilities and people 65 and older. The amount of the benefit varies based on other sources of income and where they reside. Individuals with enough work history may be eligible to receive both SSI and disability or retirement benefits. SSI benefits are **not** reported on Form SSA-1099 and are not taxable.

For more information, see [IRS Publication 915, Social Security and Equivalent Railroad Benefits](#).

Form SSA-1099

Social Security benefits that may be taxable are reported on Form SSA-1099.

Remember: SSI recipients will not receive Form 1099-SSA and their benefits are not taxable.

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

2020 • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name	Box 2. Beneficiary's Social Security Number	
Box 3. Benefits Paid in 2020	Box 4. Benefits Repaid to SSA in 2020	Box 5. Net Benefits for 2020 (Box 3 minus Box 4)
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
SAMPLE		Box 6. Voluntary Federal Income Tax Withheld
		Box 7. Address
		Box 8. Claim Number (Use this number if you need to contact SSA.)

Form SSA-1099-SM (1-2021) DO NOT RETURN THIS FORM TO SSA OR IRS

How to Assist the Taxpayer

If the Form SSA-1099 shows a lump-sum payment: Refer to [Lump-Sum Payments](#).

If the taxpayer brings a benefits letter from the SSA in place of Form SSA-1099: Although in some cases the benefits letter may have enough information to prepare the tax return, we must have Form SSA-1099 in order to verify any federal withholding, any Medicare premiums that were deducted, etc. In some cases the taxpayer may be able to [log into](#) their SSA account for a replacement or they can visit any SSA office.

If Form SSA-1099 Box 5 contains a negative amount (denoted in parentheses): In some cases, Form SSA-1099 will show that the total benefits repaid (Box 4) are more than the gross benefits (Box 3). In this case, the net benefits in Box 5 will be a negative figure. None of the benefits will be taxable in this case. If the taxpayer received more than one Form SSA-1099 for the same year, a negative figure in Box 5 of one form can be used to offset the positive figure in Box 5 of the other.

You may deduct the part of this negative amount that represents benefits you included in gross income in an earlier year tax return, if the amount is greater than \$3,000. If the amount is \$3,000 or less, it is considered a miscellaneous itemized deduction and can no longer be deducted.

Canadian or German social security benefits paid to U.S. residents: Foreign social security from Canada or Germany that is treated as U.S. Social Security is out of scope for VITA. For more info, see [IRS Publication 4012, Scope of Service](#).

Entering Form SSA-1099 in TaxSlayer

1. In TaxSlayer, navigate to **Federal Section** **Income** **1099-R, RRB-1099, RRB-1099-R, SSA-1099** **Social Security/RRS-1099**.
2. In the **Social Security SSA-1099/RRB-1099 Tier I** screen, report the data from Form 1099-SSA.
 - Take note of and enter any Medicare premium payments listed in **Description of Amount in Box 3**.
 - If the return is Married Filing Jointly (MFJ) and both spouses receive SS benefits, be sure to enter the benefits information for each spouse in the correct field.