

Taxable IRA Distribution Worksheet for Married Filing Jointly Returns

You should use this worksheet only if the return is MFJ and both taxpayers made traditional IRA contributions while Massachusetts residents and took distributions in the current tax year. If it's a single taxpayer or only one of the two took a distribution, you can use the calculator built into TaxSlayer described on the Massachusetts TaxSlayer Intake and Manual Entry Worksheet.

Taxable IRA Distribution Worksheet (from MA Form 1 Instructions for Schedule X, Line 2)

Since Massachusetts does not allow a deduction for amounts originally contributed to an IRA or Keogh, the distributions are not taxable until the full amount of the contributions which were previously subject to Massachusetts taxes are recovered. Once the distributions exceed the taxed contributions, all future distributions are taxable. Note: Contributions from a deferred plan, such as a 401(K), rolled over into an IRA are not considered pre-tax contributions.

If the return is MFJ and both taxpayers made traditional IRA contributions while Massachusetts residents and took distributions in the current tax year, Massachusetts tax law requires a separate calculation for each taxpayer to determine how much of the IRA distributions are taxable. Since TaxSlayer does not provide the capability to enter two separate numbers, you cannot use the built-in TaxSlayer Taxable IRA/Keogh and Roth IRA Conversion Distribution Worksheet found on the Additions to Income entry screen. Instead, use the following worksheet to calculate the taxable amount of the distribution manually and follow the instructions to enter that in TaxSlayer.

| Taxable IRA Distributions | Taxpayer | Spouse |
|--|----------|--------|
| 1. Total contributions previously taxed by MA. | | |
| 2. Total distributions received in previous years. | | |
| 3. Total distributions received in TY2018. | | |

| Taxable IRA Distributions | Taxpayer | Spouse | Total |
|--|----------|--------|-------|
| 4. Total taxable TY2018 distributions. Line 3 – (Line 1 – Line 2), but not less than \$0 | | | |

Enter the total above as **negative** number in *State Section, Income Subject to Tax* screen below the BLUE marker in first box labeled *Enter the amount to adjust from Form 1, line 9 (as a negative number) to account for the conversion amount entered above.*

| Taxable IRA Distributions | Taxpayer | Spouse |
|--|----------|--------|
| 5. Total distributions received to date. Line 2 + Line 3.* | | |

These amounts from line 5 will be used in the TY2019 return as "Total distributions received in previous years."

* Once line 5 is greater than or equal to line 1, the taxpayer or spouse has exhausted his/her contributions and all future distributions will be fully taxable in Massachusetts.