



# Tax Filing Q&A for Donors Who Made a Qualified Charitable Distribution "QCD" from their IRA in 2021

Charitable IRA Rollover

## Introduction

Generally, a qualified charitable distribution is a tax-free distribution from an IRA (other than an ongoing SEP or SIMPLE IRA) owned by an individual who is age 70½ or older that is paid directly from the IRA to a qualified charity.

The amount of the QCD is not included in the IRA owner's gross income, and the owner does not receive a charitable contribution deduction. However, the QCD also counts toward the owner's required minimum distribution (RMD) for the year. The QCD can be used for all or part of the RMD. Each IRA owner is allowed up to \$100,000 of QCDs each year.

### *Is it true that the new age for Required Minimum Distributions is age 72?*

Under the SECURE Act, the provision is the reset of the starting age of RMDs to age 72 instead of age 70½. The new RMD starting period applies to traditional IRA owners who turned age 70½ after December 31, 2019. If you were already age 70½ or older by the end of 2019, you have to take your first RMD by April of the year following the year you turned 70½.

### *Can I still make a QCD after age 70½ even if you don't have to start RMDs until age 72?*

Yes, absolutely.



### Can I still contribute to my IRA?

One provision of the SECURE Act allows contributions to traditional IRAs by an IRA owner who is age 70½ or older. Under previous law, contributions weren't allowed to traditional IRAs after 70½ but were permitted to Roth IRAs. Traditional IRA owners can make contributions at any age after December 31, 2019.



### Can someone make a post-70½ contribution to a traditional IRA and then make a QCD?

No. Any QCD will be reduced, but not below \$0, by the cumulative post-70½ IRA contributions that haven't already been used to reduce a QCD. That means the amount intended as a QCD is included in gross income for the year as a taxable distribution and counts toward your RMD to the extent the post-70½ contributions reduce it. The SECURE Act has an anti-abuse rule to prevent this double-dipping.



### How are qualified charitable distributions reported on Form 1099-R?

Charitable distributions are reported on Form 1099-R for the calendar year the distribution is made.

Although the IRS 1099-R doesn't have a specific distribution code for QCD's, you should include the acknowledgment letter from the charity(s) who received gifts from you this year from your IRA qualified charitable distribution.

Are blind		Spouse:		Was born before January 2, 1956		Is blind		
(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):		Child tax credit	Credit for other dependents			
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Attach Form(s) W-2							1	
2a		b Taxable interest		2b				
3a		b Ordinary dividends		3b				
4a		b Taxable amount		4b	QCD			
5a		b Taxable amount		5b				
6a		b Taxable amount		6b				
Schedule D if required. If not required, check here							7	

### How do I report a qualified charitable distribution on my income tax return?

To report a qualified charitable distribution on your IRS Form 1040 tax return, you report the total amount of the charitable distribution on the line (4a) for IRA distributions. The taxable amount on line (4b), enter zero if the total amount was a qualified charitable distribution.

The IRS suggests that the tax preparer enter the letters "QCD" next to the line (4b). This step considerably helps to reduce a "red flag" from being detected since lines 4(a) and 4(b) are different because of the QCD.