

President Obama Signs the Tax Increase Prevention Act of 2014

Although President Obama had threaten to veto this legislation, he signed the Tax Increase Prevention Act of 2014 before leaving for Hawaii on December 19th.

This bill re-authorized qualified charitable distributions (QCDs) for 2014. There will need to be another tax bill to extend QCDs for 2015. This tax bill extended many tax provisions for 2014. The IRS will again be scrambling to finalize the 2014 federal income tax forms.

Unlike in some prior years, a person must complete his or her 2014 QCD by December 31, 2014. The main requirement, the IRA custodian/trustee must issue or have issued the check to the charity. As in past years, the IRA custodian/trustee prepares the Form 1099-R showing the distribution as taxable and then the individual completes his/her tax return explaining why the distribution was not taxable. There is no special code for form 1099-R purposes. Code 7 is used.