



NATIONAL RESOURCE CENTER
ACHIEVING A BETTER LIFE EXPERIENCE ACT

ABLE SAVINGS AND INVESTMENT ACCOUNTS: TAX FACTS FOR PEOPLE WITH DISABILITIES

ABLE accounts are tax-advantaged savings and investment accounts for eligible people with disabilities. An ABLE account can help the account owner save money that does not affect benefits based on need. It can be used to pay for qualified disability expenses which enhance their health, independence and quality of life. Tax season is the perfect time to learn about ABLE accounts and taxes.

The 2023 tax season began January 29, 2024, when the IRS began accepting and processing 2023 tax year returns; the deadline to file is April 15, 2024, for most taxpayers unless an extension was requested. ABLE account owners are not required to file income taxes simply because they have an ABLE account. A person may need to file taxes if they have employment income, Social Security Disability Insurance Benefits (SSDI), retirement income, investment earnings, or dividends. ABLE account owners, whether they work or not, may be eligible for tax deductions or credits which could result in an income tax refund. All account owners are encouraged to [file their 2023 tax return online](#) to claim tax credits or deductions which may result in a refund which may be saved. An income tax refund may be directly deposited and saved in an ABLE account without impacting public benefits.

FEDERAL TAX CREDITS WHICH MAY HELP YOU SAVE MORE

When you claim federal tax credits and deductions on a tax return, you can lower the amount of tax you might have to pay. Deductions can reduce taxable income. Credits can lower the amount of tax you owe or increase your tax refund. Some credits might even give you a refund, even if you didn't owe any tax in the first place. For Example:

Advance Child Tax Credit payments

Eligible families who did not receive any advance [Child Tax Credit](#) payments can claim the full amount of the Child Tax Credit on their 2021 federal tax return by filing an amended return. This includes families who don't normally need to file a tax return.

People will need to know the total amount of advance payments they received in 2021 to compare them with the full amount of the [Child Tax Credit](#) (CTC) that they can claim. Those who received the advance [payments](#) can access their online account to check the total amount of their payments. Eligible families who did not get monthly advance payments in 2021 can still get a lump-sum payment by claiming the CTC by filing an amended return. This includes families who don't normally need to file a return.

Earned Income Tax Credit

An employed ABLÉ account owner with low to moderate income may be eligible to claim the Earned Income Tax Credit (EITC) if certain [qualifying rules](#) apply to them. A person does not need to have a child to qualify for EITC. The EITC qualifying rules changed for 2020, 2021 and 2023. Claiming the EITC may mean a maximum credit of up to [\\$7,430 in tax year 2023](#). You may use the Earned Income Tax Credit Assistant ([IRS Tax Assistant](#)) to determine if you are eligible for the earned income credit (EITC) for any of these years. An EITC refund may be deposited and saved in an ABLÉ account.

Please note: A person who receives Supplemental Security Income (SSI) and/or Social Security Disability Insurance Benefits (SSDI) or early retirement benefits who is paid as a caregiver through a [Medicaid Waiver Program or Qualified Foster Care program, may need to file income taxes](#) in order to receive EITC and Child Tax Credit even though the payments may not be considered earned income by the IRS. The earnings **do** need to be reported to the Social Security Administration and may impact SSI, SSDI or early retirement benefits.

Recovery Rebate Credit / Economic Impact Payments

Individuals who didn't qualify for a third Economic Impact Payment or who got less than the full amount may be eligible to claim the [Recovery Rebate Credit](#) now. The third payments were advance payments of the 2021 Recovery Rebate Credit which would have been claimed on a 2021 tax return. Beginning in late January, 2022, the IRS sent [Letter 6475](#) with the total amount of the third Economic Impact Payments received. People can view their economic impact payments using their [Online Account](#). If you think you are eligible, you must file even if you usually do not file an income tax return.

Retirement Savings Contributions Credit (Savers Credit)

An ABLÉ account owner may be able to claim a [savers tax credit](#) for making eligible contributions to an ABLÉ account. Depending upon the adjusted gross income reported on Form 1040, the amount of the credit is 50%, 20% or 10% of contributions from employment earnings. The maximum contribution amount that may qualify for the credit is \$2,000 (\$4,000 if married filing jointly) making the maximum credit \$1,000 (or \$2,000 if married filing jointly). The credit may result in a refund which may be deposited and saved in an ABLÉ account.

TAX TIME TOOLS

Accessibility Helpline

Individuals with disabilities who need [accessibility can call 833-690-0598](#) for answers to tax-related products and services available in alternative media formats (for example, braille, large print, audio, etc.).

Interactive Tax Assistant

The [Interactive Tax Assistant](#) answers general tax law questions, including helping to determine if a type of income is taxable or if someone is eligible to claim certain credits and deductions. With changes to income and other [life events](#) for many, tax [credits and deductions](#) can mean more money in a taxpayer's pocket. This tool can help the ABLÉ account owner or tax preparer maximize all credits and deductions they qualify for.

Online Account

Taxpayers can use their [Online Account](#) to safely see important details before filing taxes. They can see how much they will get as a refund or owe. They can make and track payments and view payment plan details. They can also get information about Economic Impact Payments and advance Child Tax Credit payments and other things they need to file their taxes correctly.

Where's My Refund?

Taxpayers can check the status of their refund using the [Where's My Refund?](#) tool. They can see status within 24 hours after the IRS accepts their e-filed tax return or up to four weeks after they mailed a paper return. The tool updates once every day. All or a portion of a refund may be contributed to an ABLE account up to contribution limits for the account owner.

Direct deposit for tax refunds

[Direct deposit](#) gives taxpayers access to their refund faster than waiting for a paper check. Individuals can use a bank account, prepaid debit card or mobile app to use direct deposit and will need to give routing and account numbers. ABLE account owners may choose to deposit a portion of their refund into their ABLE account and into a second account too, by using [Form 8888](#).

TAX FILING HELP

It is a good idea to rely on a trusted tax professional or to use tax preparation software when filing your taxes. [Planning ahead](#) can help you submit an accurate return and prevent delays that might hold up your tax refund. Free tax preparation services are available virtually: call 211 (311 for NYC) to find your closest free tax preparation site.

Free Tax Return preparation site

The IRS Volunteer Income Tax Assistance (VITA) and the Tax Counseling for the Elderly (TCE) programs offer [free tax help](#) and e-file for taxpayers who qualify.

IRS Free File

The [IRS Free File program](#), available only through [IRS.gov](#) or the [IRS2Go app](#), offers brand-name tax preparation software for those who earned \$79,000 or less in 2023 or [Free File Fillable Forms](#) regardless of income. The software helps find deductions, credits and exemptions. Some of the Free File offers may even include a free state tax return.

Members of the military and qualifying veterans have access to [MilTax](#), a Department of Defense program. It offers qualified veterans free online tax preparation and e-filing software for federal returns and up to three state returns for those who moved several times.

Getting Ready to File

You can find links to online tools, publications, and other helpful resources are available on the [IRS.gov/GetReady](#) page. For more information on planning refer to [Publication 5348, Get Ready to File](#) and [Publication 5349, Year-Round Tax Planning is for Everyone](#).

Choosing a preparer

When it comes to choosing a tax preparer, the IRS has various options. You can use the IRS online database to locate [an authorized e-file provider](#) in your area who can electronically file your tax return. [Choosing a Tax Professional](#) provides guidance on selecting a tax professional. Additionally, the [Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#) can help taxpayers find preparers in their area who currently hold professional credentials recognized by the IRS.

ABLE NATIONAL RESOURCE CENTER TAX RESOURCES

- [ABLE To Work Act](#)
- [IRS ABLE Current Regulations](#)
- [ABLE NRC Webinar Tax Time Tips](#)
- [ABLE Accounts - Five Things to Know \(ASL\)](#)

IRS: RESOURCES FOR PEOPLE WITH DISABILITIES

The Internal Revenue Service is dedicated to offering tax information to people with disabilities and their families. Detailed information about tax deductions, income exclusions and credits mentioned earlier, as well as others that could be helpful, are referenced to below:

- [ABLE Accounts – Tax Benefit for People with Disabilities](#)
- [Form 5498-QA, ABLE Account Contribution Information](#) PDF
- [Form 1099-QA, Distributions from ABLE Accounts PDF](#)
- [Instructions for Forms 1099-QA and 5498-QA PDF](#)
- [Child and Dependent Care Expenses \(Publication 503\)](#)
- [Credit for the Elderly or Disabled](#)
- [Earned Income Tax Credit](#)
- [Disability and Earned Income Tax Credit \(EITC\)](#)
- [Medical and Dental Expenses \(Publication 502\)](#)
- [Recovery Rebate Credit for 2020 and 2021](#)
- [Retirement Savings Contributions / Savers Credit](#)
- [Home and Community Based Waiver \(Medicaid\) Income May Be Tax Exempt](#)
- [Household Employer's Tax Guide](#)
- [How to Get an ITIN Tax Filing Number](#)
- [Saver's Credit](#)
- [Self Employed IRS Tax Center](#)
- [Small Business, Self-Employed Family Caregivers and Self-Employment Tax](#)
- [Small Business Tax Credits](#)
- [Tax Highlights for People with Disabilities](#)
- [Tax Withholding Calculator](#)
- [ASL Estimated Tax Payments Video](#)
- [Tax Credits for Families Video](#)
- [IRS Multiple Language Service Information Video](#)