

# TaxInsight



## Disability Severance Payments

If you were discharged from military service due to a medical issue between 1991 and 2016, you may have received a lump-sum Disability Severance Payment (DSP). The IRS treated these payments as income, even though they are recouped by decreases to Veterans Administration Disability Pensions in later years. In December 2016, President Obama signed the *Combat-Injured Veterans Tax Fairness Act* to fix the error in treatment.

Letters apprising affected military taxpayers began arriving in July. If you received such a letter, give me a call and we can amend your return. Usually, you can't amend a return more than three years after it was due, but there's a special one-year period for fixing this error. Your due date for an amendment is one year after the date of the letter.

If you can't find the return, I can help you locate your transcripts. And if we don't find it—or it's a better result—there is a safe harbor to claim a refund. You'll receive at least:

- \$1,750 for tax years 1991–2005
- \$2,400 for tax years 2006–2010
- \$3,200 for tax years 2011–2016

If you filed your original return as Married Filing Joint, and you've subsequently divorced, there is a process that

allows the entire refund to be allocated to you. It's a little more complicated, but you can get the refund without having to get the cooperation of your former spouse. If you're a surviving spouse, we can help you as well.

Give me a call to see how much you're entitled to. And thank you for your service!

## Important Tax Deadlines

- Sept. 17, 2018 – Third-quarter estimated tax payments due
- Sept. 17, 2018 – Extended partnership and S corporation tax returns due
- Oct. 15, 2018 – Extended individual and C corporation tax returns due

## Tax Notes

If you own a pass-through entity such as a partnership, S corporation, LLC or sole proprietorship, look for information soon about the Qualified Business Deduction. Proposed regulations were released on August 8.

## Did You Know?

The Julian calendar, first implemented by Julius Caesar in 46 B.C., had an inbuilt error of 1 day every 128 years due to a miscalculation of the solar year by 11 minutes. In 1752, the British changed to the Gregorian calendar to align the seasons and the months. As a result, the month of September was shortened by 11 days. The calendar went from September 3 to September 14 that year, bringing Britain in line with most of Western Europe.

## Quote Corner

“In a dark place we find ourselves, and a little more knowledge lights the way.”

~ Yoda