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D-2440

2001

******* **Disability Income Exclusion**
GOVERNMENT OF THE DISTRICT
OF COLUMBIA
OFFICE OF TAX AND REVENUE

ATTACH
TO
FORM D-40

(Applies only to disabled retirees under 65)

Tax Year: From _____ to _____

IMPORTANT: Please read the instructions on the other side before completing this form.
To claim a disability income exclusion, you must complete this form and attach it to Form D-40.

Name of taxpayer			Social Security Number — —
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Date retired	Date of birth	Name of Employer	Payor, if other than employer
Yourself:			
Spouse:			

Have you filed a Physician's Certification for this disability in previous years? YES NO
 If YES, you do not have to file another certification.
 If NO, you must file the Physician's Certification provided below.

Use Column A for husband and Column B for wife filing a joint return or separately on the same return. All other filers use Column B only. DOLLARS ONLY

	A	B
1. Total amount of disability payments received this year		
2. Multiply \$100 by the number of weeks for which disability payments were received this year		
3. Enter Line 1 or Line 2, whichever is less		
4. Total. Add Col. A and Col. B of Line 3		
LIMITATION ON EXCLUSION		
5. Federal adjusted gross income (from Form D-40, Line 12)		
6. Taxable social security income (from Calculation A, line d in the Form D-40 tax booklet)		
7. Line 5 minus Line 6		
8. Amount of income used to reduce disability income	\$15,000	
9. Line 7 minus Line 8 (if less than zero enter zero)		
10. Disability income exclusion (Line 4 minus Line 9). Enter here and on line e of Calculation A in the Form D-40 tax booklet.		

Physician's Certification of Permanent and Total Disability

■ Attach to Form D-40

Name of disabled taxpayer	Social Security Number — —
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I certify that the above named taxpayer was permanently and totally disabled on the date the taxpayer retired (see instructions below).

Date Retired

Name of physician

Physician's address	Telephone Number
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Physician's signature	License Number	Date
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INSTRUCTIONS FOR PHYSICIAN'S CERTIFICATION

A. Date Permanently or Totally Disabled

Certify if taxpayer retired on or after January 1, 1977. The date entered by the taxpayer should be the date on which the taxpayer ceased active employment because of his or her disability.

B. Definition of Permanent and Total Disability. Permanent and total disability means that a taxpayer is unable to engage in any substantial gainful activity due to a medically determined physical or mental impairment which can result in death or which has lasted or can be expected to last for a continuous period of a year or more. The substantial gainful activity referred to is not limited to the activity or comparable activity, in which the taxpayer engaged prior to retirement or disability.

FORM D-2440

GENERAL INSTRUCTIONS

A. PURPOSE OF FORM – Form D-2440 should be used to determine and claim the correct amount of disability income exclusion. This exclusion reduces your adjusted gross income for District of Columbia income tax purposes.

Disability payments which are included and reported in your Federal Adjusted Gross Income and which qualify for the disability income exclusion on the D.C. individual income tax return should also be reported on D.C. Form D-2440 in order to compute a subtraction modification to Federal Adjusted Gross Income on your D.C. return. Taxpayers who file form D-40EZ may not file Form D-2440.

B. WHO MAY EXCLUDE DISABILITY INCOME – You may exclude disability income if you meet ALL of the following requirements:

1. You received disability pay during the tax year for which you are filing;
2. You were under the age of 65 when your tax year ended;
3. You retired on disability and were permanently and totally disabled when you retired (See Item C of these instructions);
4. On January 1, of the year for which you are filing, you had not reached the age required to retire under your employer's retirement program; and

5. You have not notified the Office of the Tax and Revenue, (Customer Service Administration) that you chose to treat disability income as a pension instead of taking the exclusion.

If a taxpayer is married at the close of the taxable year, the disability income exclusion is allowed only if the taxpayer and his/her spouse file a joint return.

C. WHAT IS PERMANENT AND TOTAL DISABILITY? –

You are considered permanently and totally disabled if:

1. You cannot engage in any substantial gainful activity because of a physical or mental condition; and
2. A physician determines that the condition has lasted, or can be expected to last, continuously for at least a year or more or which can be expected to result in death.

D. PHYSICIAN'S CERTIFICATION – Be sure to attach both the completed Form D-2440 and the detached physician's certification to the Form D-40 which you file. If both husband and wife take the exclusion, each must file a Physician's Certification. If you filed a certification for the disability in an earlier year, do not file another. Instead, check the appropriate box on Form D-2440.

SPECIFIC INSTRUCTIONS

LINE 1 – Enter the total amount of disability payments received during your tax year. Do not include as disability payments any lump-sum payment for accrued annual leave that you received when you retired on disability. The annual leave payment should be included in your gross income for the tax year in which you received it.

Payments which you received from a retirement plan or profit-sharing plan that does not have a provision for disability retirement do not qualify for the exclusion. These payments are taxable as pension or annuity income.

LINE 2 – You must enter on Line 2 the total maximum disability income exclusion. The maximum disability income exclusion is \$100 per week. Therefore, multiply \$100 by the number of weeks for which disability payments were received.

If you received disability pay for part of a week, follow the steps below to calculate the maximum exclusion for that portion:

Step 1. Divide \$100 by the number of days in a week you normally worked before you retired.

Step 2. Multiply the result from Step 1 by the number of days you were paid for the partial week.

Step 3. Add the exclusion of the partial week to the exclusion amount that you calculate for the full payment weeks. Enter this total on Line 2.

LINE 3 – Enter on Line 3 the amount on either Line 1 or Line 2, whichever is less.

LINE 5 – Enter on Line 5 your total adjusted gross income from your District individual income tax return.

LINE 6 – Enter on Line 6 the amount of taxable social security income shown on Form D-40.

LINE 9 – The maximum amount that a person can exclude is \$5,200. This exclusion is reduced dollar for dollar by the amount by which Line 7 exceeds the \$15,000 shown on Line 8.

LINE 10 – Line 10 is your disability exclusion, if any, that you may claim on your Form D-40. If both husband and wife are reporting disability income, the exclusion on Line 10 should be apportioned between the spouses according to the percentage that each spouse's disability income is of the total disability income of both.