Cumberland County Tax Bureau January 2021

1099-R Box 7 Distribution Codes

Beginning in 2020, the Cumberland County Tax Bureau changed their Annual Local EIT form and instructions to match the standard generic forms available from the PA Department of Community and Economic Development (DCED). In doing so, clarification regarding taxable 1099-R distribution code(s) was excluded in error.

Please note:

 1099-R distribution code ***1–Early Distribution*** is taxable on the local level and should be included in the Other Taxable Earned Income total reported on Line 3 of the Annual Local EIT form.

 1099-R distribution code ***2-Early Distribution, Exception Applies*** may be taxable. Please refer to the Internal Revenue Service form 1099-R Instructions: Table 1 for details regarding the exceptions that may apply. Please consult your tax professional for additional assistance.

IRS Instructions for Form 1099-R can be found here:

[Instructions for Forms 1099-R and 5498 (2021) | Internal Revenue Service (irs.gov)](https://www.irs.gov/instructions/i1099r#idm140339525651984)

Questions regarding taxable income can also be directed to the Cumberland County Tax Bureau by calling (717) 590-7997 or by email at taxpayerservices@cumberlandtax.org.