

IRS Section 131 Notice 2014-7 (Difficulty of Care)

Information and FAQs

IRS Notice 2014-7 Difficulty of Care

- ❑ Payments made to an individual care provider for services to a Medicaid Waiver eligible individual living in the provider's home are excluded from federal income tax.

What does this mean?

- ❑ When a direct care worker lives with the participant that they provide service to, their income *may be* excluded from Federal Income Tax.

Do I qualify for the exclusion?

To qualify, you must be able to answer 'yes' to below questions.

1. I provide services to the individual in my home. (it doesn't matter who owns the home)
2. I do not have a separate home where I reside.
3. This is the home where I reside and regularly perform the routines of my private life, including shared meals and holidays with family.

Acumen does not determine nor verify if an employee qualifies for Difficulty of Care payments.

FAQ

- ☐ I'm not sure if I qualify for Difficulty of Care. Where can I get more information?
 - ☐ You can visit the Acumen website at www.acumenfiscalagent.com/Missouri/
 - ☐ Go to the IRS website at <https://www.irs.gov/individuals/certain-medicaid-waiver-payments-may-be-excludable-from-income>
- ☐ Will Acumen help me determine if I qualify?
 - ☐ No, Acumen does not determine or verify if an employee qualifies for Difficulty of Care.
- ☐ What should I do if I believe I qualify for Difficulty of Care?
 - ☐ Complete a 'Statement of Compliance to IRS Section 131 Notice 2014-7 (Difficulty of Care)' form. To get the form, you can
 - ☐ Contact your Acumen dedicated agent or an Acumen customer service rep to request the form
 - ☐ Find the form on our website at www.acumenfiscalagent.com/Missouri/

FAQ continued...

- ☐ What happens after the form is sent in to Acumen?
 - ☐ Once Acumen processes the form, the employee will no longer have federal income tax withheld from their pay. The employee's W-2 will be blank in boxes 1 and 2 per IRS instruction.
- ☐ My tax preparer says my W-2 is incorrect and must show information in boxes 1 and 2. Can I get a corrected W-2?
 - ☐ The Difficulty of Care exclusion is unique. Some tax preparers and tax softwares may not recognize it. Refer the tax preparer to our website to review the DOC information or have them search 'Difficulty of Care' on the IRS website.
- ☐ I no longer qualify for the exclusion, what should I do?
 - ☐ Complete a new 'Statement of Compliance to IRS Section 131 Notice 2014-7 (Difficulty of Care) form, marking that you no longer qualify and send it in to Acumen.
 - ☐ Acumen does not determine or verify if an employee qualifies for Difficulty of Care. If the employee no longer qualifies, it is their responsibility to submit this form to Acumen.

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