



IR-2016-88: IRS Provides Guidelines on How to Claim New Wrongful-Incarceration Exclusion; Use Special Address for All Back-Year Refund Claims; Dec. 19 Deadline for Older Claims

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IRS Provides Guidelines on How to Claim New Wrongful-Incarceration Exclusion; Use Special Address for All Back-Year Refund Claims; Dec. 19 Deadline for Older Claims

WASHINGTON -- The Internal Revenue Service today released guidelines on how wrongfully-incarcerated taxpayers can take advantage of the new retroactive exclusion from income for any civil damages, restitution or other monetary award received in connection with their incarceration.

The guidelines are contained in a set of [frequently-asked questions](#), posted today on IRS.gov. According to the FAQs, taxpayers who in the past received payments related to their wrongful incarceration and included those payments in taxable income can now file a refund claim for any income tax paid. To do this, eligible taxpayers must file [Form 1040X](#) for each year these payments were reported and write "Incarceration Exclusion PATH Act" at the top of each Form 1040X they submit.

The new wrongful-incarceration exclusion was included in the Protecting Americans from Tax Hikes (PATH) Act enacted last December. This legislation provides a special one-year window during which an eligible wrongfully-incarcerated individual can file a refund claim based on any civil damages, restitution or other monetary award received and reported in a prior tax year, even if

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the normal statute of limitations had already expired for that year. Without this special provision, refund claims for tax-years 2012 and earlier would be barred in most cases. The deadline for mailing a claim under this special rule is Dec. 19, 2016.

To ensure efficient, consistent processing, the IRS has established a special filing address for amended returns claiming the wrongful incarceration exclusion. Send these Forms 1040X, along with any supplemental documentation, to:

Internal Revenue Service
333 W. Pershing,
Stop 6503 5th Floor,
Kansas City, MO 64108.

Allow up to 16 weeks for processing. In most cases, taxpayers can then use the [Where's My Amended Return?](#) application on IRS.gov to track the status of their refund claim.

Under the new law, there are no reporting requirements for receipt of an award qualifying for the wrongful-incarceration exclusion. This means for the year an award is received, recipients need not report the award on their return ([Form 1040](#)) or submit any documentation to the IRS.

The FAQs, now available on IRS.gov, provide further details on who qualifies for the exclusion, payments that qualify and the documentation and recordkeeping requirements that apply.

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