

**INTER-AMERICAN  
DEVELOPMENT BANK**

Tax Reimbursement Seminar For Retirees

October 3, 2019



# Tax Reimbursement Seminar For Retirees

## **AGENDA**

1. Overview and Roles
2. Recent and future enhancements
3. 2018 Changes to Retiree Tax Retirement Policies
4. U.S. Tax Reimbursement Timeline
5. 2018 Final Tax Calculation Report
6. Schedule of 2019-20 Payments
7. Deloitte team and contact information
8. Submission of your information (portal or mail)
9. Retiree responsibilities
10. Q&A



# Tax Reimbursement Overview

Inputs

Outputs

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1  
Initial Tax Profile  
and Optional  
updates

Estimated  
Quarterly  
Tax  
Reimbursements

Forms: 1R – 2R



Deloitte



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2  
Prior Year  
Confirmation

Final Tax  
Calculation Report

Forms: 7R

# Roles and Responsibilities

	
<ul style="list-style-type: none"><li>• HRD manages the Tax Reimbursement Policy and oversees its administration.</li><li>• Ensures tax calculations, tax reimbursements and inquiries are handled timely and consistent with policy.</li><li>• Issues 1099Rs</li></ul>	<ul style="list-style-type: none"><li>• IDB's Tax Service Provider.</li><li>• Point of contact for tax reimbursement questions.</li><li>• Performs calculations of quarterly estimated tax reimbursements and the final tax calculations and reports.</li></ul>



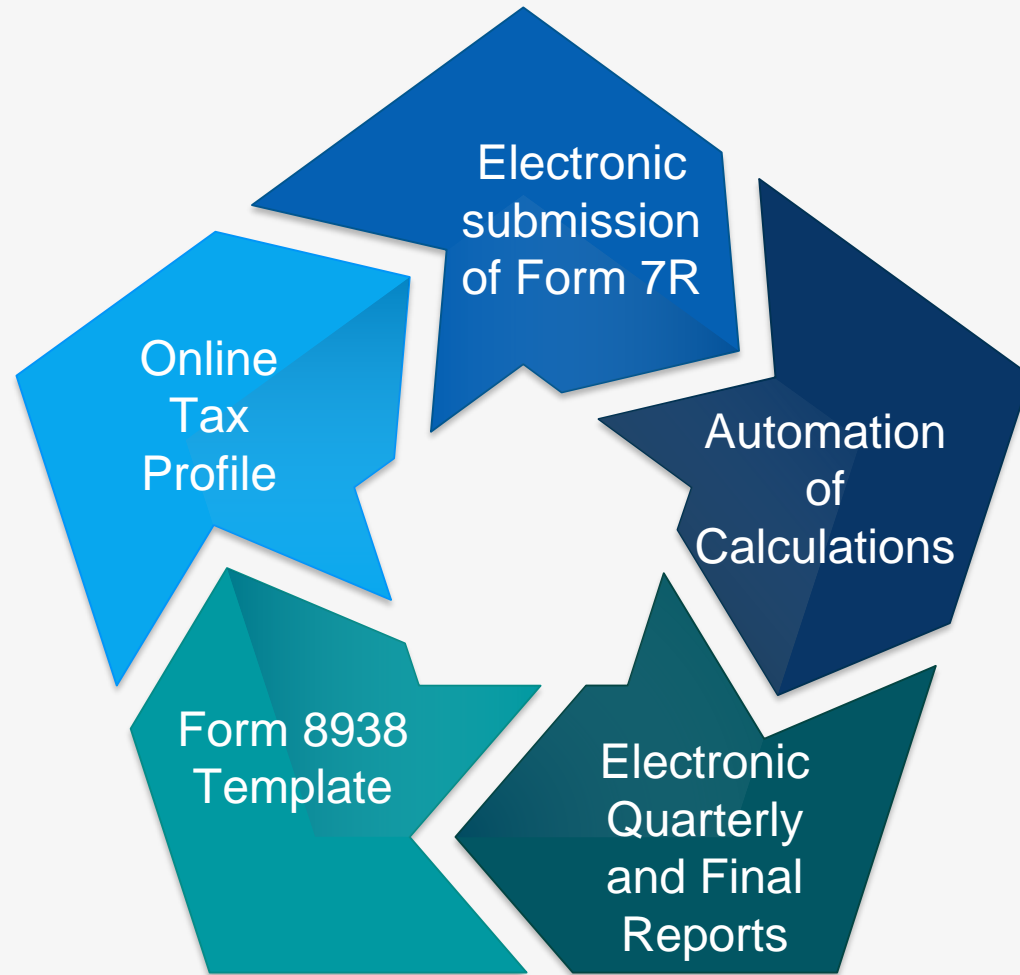
# Recent Enhancements

## Process Improvements

- Updated Form 7R. Submission of tax returns is no longer required for U.S. tax reimbursements.
- Inclusion of 4506T submission in annual confirmation process.
- New SRP Form 765 to record changes in tax residency status.
- New Form 2R, for retirees to update tax information following a change in marital status, state of residency, spouse income, etc.
- Retrieval of Form 1099-R and tax reimbursement statements via the retiree self service portal.
- Notice of extension, for extended deadline for Form 7R.



# Future Enhancements under Consideration/Development



# Retiree Tax Reimbursement Policy Changes, effective from 2018

Standard deduction used  
in the tax reimbursement  
calculation.



U.S. retirees no longer  
need to submit tax returns.



Pension and tax  
reimbursement income  
reported on Form 1099-R  
for 2020 and future years  
will be aligned with retiree  
pay stub.





# Alignment of Form 1099-R and pay slip beginning in 2020

Before Change (through 2018) Discrepancy between pay slip and Form 1099R			
Pay slip		Form 1099 R	
2018 Taxable Pension	\$30,000	2018 Taxable Pension	\$30,000
2018 Quarterly Tax Payments	\$4,000	2017 Tax Settlement in 2018	\$3,700
<b>Total</b>	<b>\$34,000</b>	<b>Total</b>	<b>\$33,700</b>

After Change (beginning in 2020) Pay slip and Form 1099R will match			
Pay slip		Form 1099R	
2020 Taxable Pension	\$30,000	2020 Taxable Pension	\$30,000
2020 Quarterly Tax Payments	\$4,000	2020 Quarterly Tax Payments	\$4,000
<b>Total</b>	<b>\$34,000</b>	<b>Total</b>	<b>\$34,000</b>



# Alignment of Form 1099-R and pay slip - Transition in 2019

2019			
Pay slip		Form 1099 R	
2019 Taxable Pension	\$30,000	2019 Taxable Pension	\$30,000
2019 Quarterly Tax Payments	\$4,000	2019 Quarterly Tax Payments	\$4,000
		2018 Tax Settlement in 2019	\$3,700
<b>Total</b>	<b>\$34,000</b>	<b>Total</b>	<b>\$37,700</b>

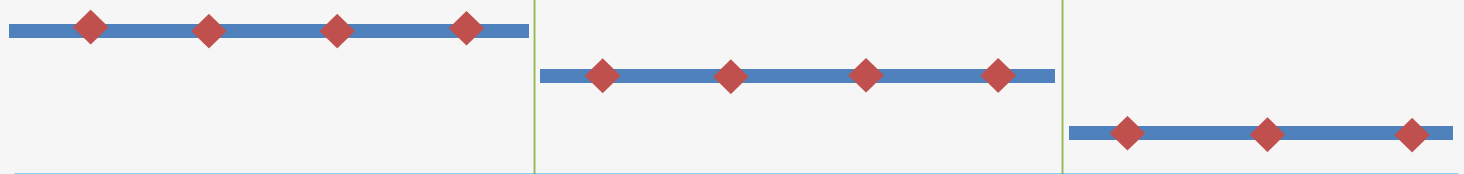
The taxable reported income on the 2019 Form 1099-R will be greater than the total amount on the final 2019 pay slip. This is because the income reported on the 2019 Form 1099-R will include two years of tax reimbursements, for 2018 and 2019.

# Tax Reimbursement Timeline

	2018				2019				2020		
Quarter	1	2	3	4	1	2	3	4	1	2	3
Tax Due	4/15	6/15	9/15	1/15	4/15	6/15	9/15	1/15	4/15	6/15	9/15

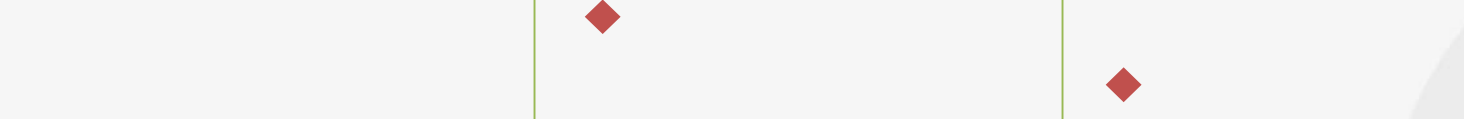
## Quarterly Tax Reimbursement

- 2018
- 2019
- 2020



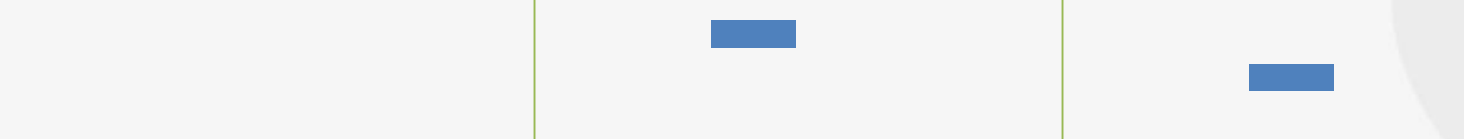
## Filing of Tax Return

- 2018
- 2019



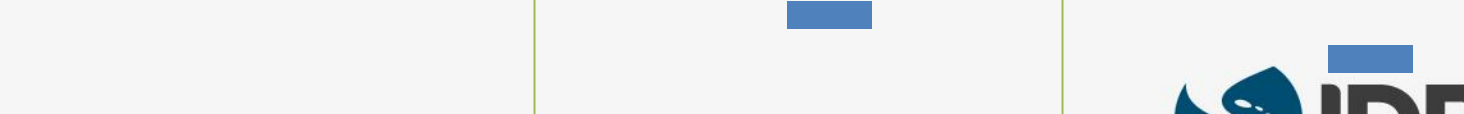
## Submission of Form 7R

- 2018
- 2019



## Final Tax Calculation

- 2018
- 2019



# 2018 Final Tax Calculation Report

<b>2018 FINAL TAX REIMBURSEMENT</b>	
<p>The "2018 Final Tax Reimbursement" is the 2018 tax amount that IDB is responsible for paying. The "Tax Reimbursement Balance" is the difference between the Final Tax Reimbursement and the 2018 estimated tax reimbursements that you received.</p>	
<b>TAX CALCULATED ON YOUR 2018 IDB INCOME</b>	
# U.S. taxes, including AMT	\$ 2,200
State taxes	\$ 2,700
Prior-year settlements not yet paid	\$ -
<b>2018 Final Tax Reimbursement</b>	<b>\$ 4,900</b>
<b>PRIOR ESTIMATED TAX REIMBURSEMENTS ALREADY PAID TO YOU</b>	
Total estimated reimbursements paid to you and still outstanding	\$ 6,300
<b>2018 TAX REIMBURSEMENT BALANCE DUE TO/FROM YOU</b>	
Remaining amount owed to you for 2018	\$ -
Amount that you owe to the Bank for 2018	\$ 1,400



# 2019 Tax Reimbursement Calculations

## 2019 TAX REIMBURSEMENT CALCULATION

Your "2019 Tax Reimbursement" represents the overall amount that will be reimbursed to you to assist you in making estimated payments against your 2019 tax liability.

### 2019 REIMBURSEMENT DUE TO YOU

IDB pension income for 2019	\$	60,000
2018 Final Tax Reimbursement	\$	4,800
2019 Tax Reimbursement	\$	8,880
2019 Projected taxable IDB income	\$	73,680
Projected effective tax rate on IDB pension		12.00%
<b>2019 Estimated Total Reimbursement</b>	<b>\$</b>	<b>8,845</b>

### 2019 REIMBURSEMENT ALREADY PAID TO YOU

Total reimbursement already paid to you in 2019	\$	4,000
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### 2019 REIMBURSEMENT OVERPAID AND DUE TO BANK

Remaining 2019 reimbursement owed to you	\$	4,845
Excess 2019 reimbursement owed back to the Bank	\$	-

#### Notes:

2019 Estimated Tax Reimbursement: Allocation between Federal and State

Federal	63%	\$	5,609
State	37%	\$	3,236



# Summary

## Final 2018 and Estimated 2019-2020

### SUMMARY OF PAYMENTS DUE

The "Breakdown of Balances" below summarizes all of the amounts owed to you or the Bank based on the 2018 Final Tax Reimbursement and 2019 Tax Reimbursement Calculation (see prior page). The "Schedule of Payments" then shows how the funds owed to you or the Bank will be paid.

### BREAKDOWN OF BALANCES

2018 Tax Reimbursement Balance owed to you	\$	-
2019 Reimbursement Balance owed to you	\$	4,845
Total amount owed to you	\$	4,845
LESS: 2018 Tax Reimbursement Balance owed to IDB	\$	(1,000)
LESS: Overpaid 2019 reimbursement now owed back to IDB	\$	-
<b>Total amount owed to you (the Bank)</b>	<b>\$</b>	<b>3,845</b>

### SCHEDULE OF PAYMENTS

<b>Aug. 2019:</b> 2018 Tax Reimbursement Balance	\$	-
<b>Aug. 2019/Sept. 2019:</b> 2019 3rd Quarter Reimbursement	\$	1,923
<b>Dec. 2019/Jan. 2020:</b> 2019 4th Quarter Reimbursement	\$	1,922
<b>Due by Dec. 31, 2019:</b> Amount owed by you to the Bank	\$	-
	\$	3,845

### ESTIMATED REIMBURSEMENTS FOR PAYMENT IN 2020

<b>Mar. 2020:</b> 2020 1st Quarter Reimbursement	\$	1,300
<b>May 2020:</b> 2020 2nd Quarter Reimbursement	\$	1,300



# IDB Deloitte Tax Team



**Frances Dinkins**  
**Tax Managing  
Director**



**Juan Monroy**  
**Tax Senior  
Manager**



**Ekaterina Tour  
(Katya)**  
**Tax Senior  
Consultant**



**Yesenia Falen**  
**Tax Consultant**

Email: [taxconsultants@iadb.org](mailto:taxconsultants@iadb.org)

Phone: (202)-623-2766



# Deloitte contact information

## **IDB Retiree Tax Hotline:**

- 1-202-623-2766

## **IDB Retiree Priority Email Address:**

- [taxconsultants@iadb.org](mailto:taxconsultants@iadb.org)

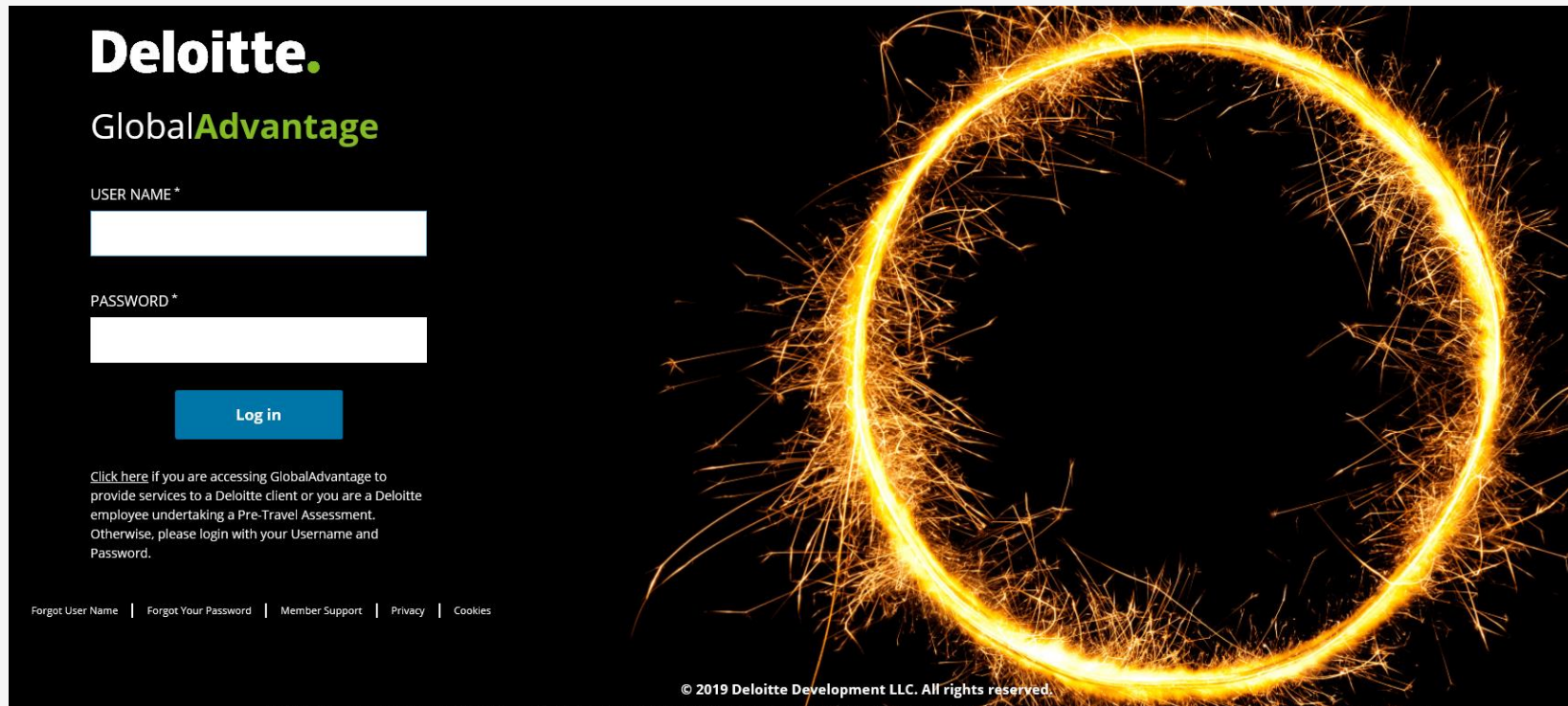


# Submission Methods for IDB Tax Forms

You may send your documents to Deloitte via any of the following means:

- Upload to your GlobalAdvantage secure account at [www.ga.deloitte.com](http://www.ga.deloitte.com)
- Mail to Deloitte Tax LLP, 7900 Tysons One Place, Room 800, McLean, VA 22102

# Deloitte Portal



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Global**Advantage**

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PASSWORD \*

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# Retiree Responsibilities

If your contact information (phone, address, email etc.) changes, please notify SRP of the change.



If your tax residency status changes, please submit SRP Form 765 to SRP.



If your tax circumstances change (marital or filing status, state/locale of residence, spouse income, etc.) from your most recent Form 7R, please submit a Form 2R to update your information. This will ensure that your quarterly tax payments are accurate.



Accurate completion and timely submission of IDB tax forms will help ensure that you receive the appropriate tax reimbursement payments on the payment dates.



# Questions?

**THANK YOU!**

