386.01 What IRS forms are necessary for HSA account owners to prepare and file income tax returns?

HSAs provide excellent tax benefits; the IRS, however, requires information reporting to make sure individuals follow the rules. The account owner’s role in this process is to attach IRS Form 8889 to the income tax return for any year the account owner took a distribution or made a contribution to an HSA.[[1]](#endnote-1) The following are the key forms for HSA account owners in preparation of an income tax return.

1. *IRS Form 1040*. There are different versions of the 1040 that work for HSAs, but line 25 of the 1040 is the line where an account owner takes a deduction for an individual HSA contribution (not employer pre-tax HSA contributions as these are made pre-tax and reported on the W-2). Individuals that make or receive an HSA contribution or take an HSA distribution lose the option of using the IRS Form 1040EZ. A taxable HSA distribution is reported on line 21 of the 1040 with the entry “HSA” for failing to maintain the HSA during the testing period. If a 20% penalty is also owed, that is reported on line 62, (“other taxes”), on the 1040.[[2]](#endnote-2)
2. *IRS Form 8889*. This is an attachment to an account owners’ income tax return that follows a step-by-step review of account owner’s HSA contributions, distributions, and additional taxes or penalties owed.
3. *IRS Form 1099-SA.* The HSA custodian sends account owners and the IRS the 1099-SA by January 31 (to the IRS by the end of February) to document HSA distributions.[[3]](#endnote-3) Account owners must enter the data from the IRS Form 1099-SA to complete an income tax return.
4. *IRS Form 5498-SA.* The IRS Form 5498-SA documents an account owner’s total yearly contributions to an HSA (including rollovers).[[4]](#endnote-4) An HSA custodian must send this form to the account owner and to the IRS. The form is not due to the account owner or the IRS until after the tax filing due date for calendar year taxpayers (The form is due by May 31). That’s because account owners have until their tax filing due date to make a contribution for the year so an HSA custodian does not necessarily know the account owner’s HSA contributions for the year until after the tax due date. Accordingly, account owners need to know their HSA contribution information from their own records (non-tax statements from the HSA custodian, W-2 from the employer, or personal records). Some HSA custodians provide the report early in the year and then update it if the account owner makes an additional contribution prior to the April 15 deadline for the prior year.
5. *IRS Form W-2.* An IRS Form W-2 from an employer will show employer pre-tax HSA contributions as well as pre-tax payroll deferral contributions account owners made to an HSA in box 12 with a code W.[[5]](#endnote-5)
6. *IRS Form 5329.* The IRS Form 5329 is only necessary if the account owner owes a penalty for making an excess contribution to an HSA. In that case, the account owner files this form as an attachment to the income tax return.[[6]](#endnote-6)
1. IRS Instructions for Form 8889. [↑](#endnote-ref-1)
2. IRS Instructions for Form 1040. [↑](#endnote-ref-2)
3. IRS Instructions for Forms 1099-SA and 5498-SA. [↑](#endnote-ref-3)
4. IRS Instructions for Form 1099-SA and 5498-SA. [↑](#endnote-ref-4)
5. IRS Instructions for Form W-2. [↑](#endnote-ref-5)
6. IRS Instructions for Form 5329. [↑](#endnote-ref-6)