

# Publication 969

## Health Savings Accounts and Other Tax-Favored Health Plans

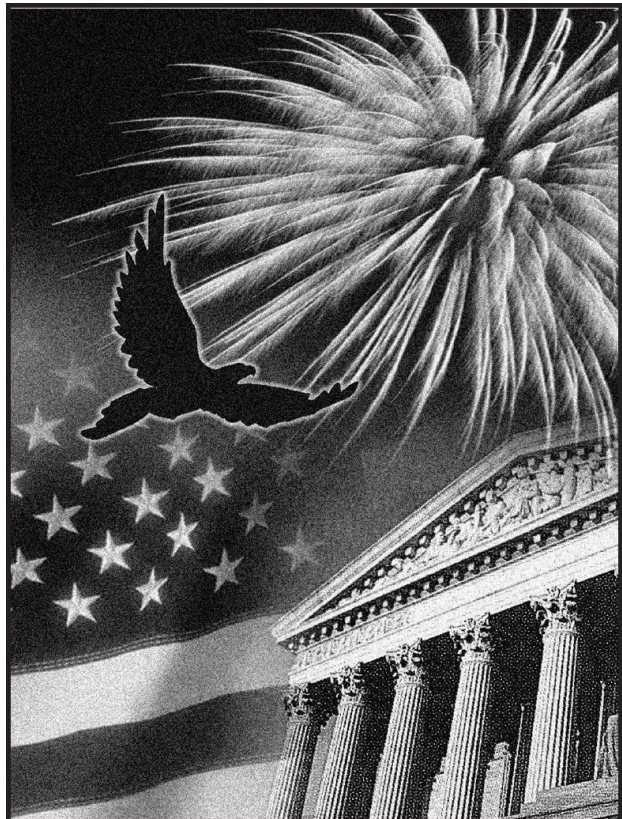
For use in preparing

**2024** Returns

Volume 2 of 2



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## **Who can contribute to my Archer MSA?**

If you are an employee, your employer may make contributions to your Archer MSA. (You don't pay tax on these contributions.) If your employer doesn't make contributions to your Archer MSA, or you are self-employed, you can make your own contributions to your Archer MSA. You and your employer can't make contributions to your Archer MSA in the same year. You don't have to make contributions to your Archer MSA every year.



*If your spouse is covered by your HDHP and an excludable amount is contributed by your spouse's employer to an Archer MSA belonging to your spouse, you can't make contributions to your own Archer MSA that year.*

## **Limits**

There are two limits on the amount you or your employer can contribute to your Archer MSA.

- The annual deductible limit.
- An income limit.

**Annual deductible limit.** You or your employer can contribute up to 75% of the annual deductible of your HDHP (65% if you have a self-only plan) to your Archer MSA. You must have the HDHP all year to contribute the full amount. If you don't qualify to contribute the full amount for the year, determine your annual deductible limit by using the Line 3 Limitation Chart and Worksheet in the Instructions for Form 8853, Archer MSAs and Long-Term Care Insurance Contracts.

**Example 1.** You have an HDHP for your family all year in 2024. The annual deductible is \$6,000. You can contribute up to \$4,500 ( $\$6,000 \times 75\% (0.75)$ ) to your Archer MSA for the year.

**Example 2.** You have an HDHP for your family for the entire period of July through December 2024 (6 months). The annual deductible is \$6,000. You can contribute up to \$2,250 ( $\$6,000 \times 75\% (0.75) \div 12 \times 6$ ) to your Archer MSA for the year.



*If you and your spouse each have a family plan, you are treated as having family coverage with the lower annual deductible of the two health plans. The contribution limit is split equally between the two of you unless you agree on a different division.*

**Income limit.** You can't contribute more than you earned for the year from the employer through whom you have your HDHP.

If you are self-employed, you can't contribute more than your net self-employment income. This is your income from self-employment minus expenses (including the deductible part of self-employment tax).

**Example 1.** You earned \$25,000 from TR Company in 2024. Through TR, you had an HDHP for your family for the entire year. The annual deductible was \$6,000. You can contribute up to \$4,500 to your Archer MSA ( $75\% (0.75) \times \$6,000$ ). You can contribute the full amount because you earned more than \$4,500 at TR.

**Example 2.** You are self-employed. You had an HDHP for your family for the entire year in 2024. The annual deductible was \$6,000. Based on the annual deductible, the maximum contribution to your Archer MSA would have been \$4,500 ( $75\% (0.75) \times \$6,000$ ). However, after deducting your business expenses, your net self-employment income is \$2,500 for the year. Therefore, you are limited to a contribution of \$2,500.

### **Individuals enrolled in Medicare.**

Beginning with the first month you are enrolled in Medicare, you can't contribute to an Archer MSA.

However, you may be eligible for a Medicare Advantage MSA, discussed later.

## **When To Contribute**

You can make contributions to your Archer MSA for 2024 through April 15, 2025.

## **Reporting Contributions on Your Return**

Report all contributions to your Archer MSA on Form 8853 and file it with your Form 1040, 1040-SR, or 1040-NR. You should include all contributions you or your employer made for 2024, including those made from January 1, 2025, through April 15, 2025, that are designated for 2024.

You should receive Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, from the trustee showing the amount you or your employer contributed during the year. Your employer's contributions should be shown on Form W-2, box 12, code R.

Follow the Instructions for Form 8853 and complete the Line 3 Limitation Chart and Worksheet in the instructions. Report your Archer MSA deduction on Form 1040, 1040-SR, or 1040-NR.

**Excess contributions.** You will have excess contributions if the contributions to your Archer MSA for the year are greater than the limits discussed earlier. Excess contributions aren't deductible. Excess contributions made by your employer are included in your gross income. If the excess contribution isn't included in Form W-2, box 1, you must report the excess as "Other income" on your tax return.

Generally, you must pay a 6% excise tax on excess contributions. See Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts, to figure the excise tax. The excise tax applies to each tax year the excess contribution remains in the account.

You may withdraw some or all of the excess contributions and avoid paying the excise tax on the amount withdrawn if you meet the following conditions.

- You withdraw the excess contributions by the due date, including extensions, of your tax return.
- You withdraw any income earned on the withdrawn contributions and include the earnings in “Other income” on your tax return for the year you withdraw the contributions and earnings.

**Deducting an excess contribution in a later year.** You may be able to deduct excess contributions for previous years that are still in your Archer MSA. The excess contribution you can deduct in the current year is the lesser of the following two amounts.

- Your maximum Archer MSA contribution limit for the year minus any amounts contributed to your Archer MSA for the year.
- The total excess contributions in your Archer MSA at the beginning of the year.

Any excess contributions remaining at the end of a tax year are subject to the excise tax. See Form 5329.

## **Distributions From an MSA**

You will generally pay medical expenses during the year without being reimbursed by your HDHP until you reach the annual deductible for the plan. When you pay medical expenses during the year that aren't reimbursed by your HDHP, you can ask the trustee of your Archer MSA to send you a distribution from your Archer MSA.

You can receive tax-free distributions from your Archer MSA to pay for qualified medical expenses (discussed later). If you receive distributions for other reasons, the amount will be subject to income tax and may be subject to an additional 20% tax as well. You don't have to make withdrawals from your Archer MSA each year.



*If you no longer qualify to make contributions, you can still receive tax-free distributions to pay or reimburse your qualified medical expenses.*

A distribution is money you get from your Archer MSA. The trustee will report any distribution to you and the IRS on Form 1099-SA, Distributions From an HSA, Archer MSA, or Medicare Advantage MSA.

**Qualified medical expenses.** Qualified medical expenses are those expenses that would generally qualify for the medical and dental expenses deduction. These are explained in Pub. 502.

Amounts paid after 2019 for over-the-counter medicine (whether or not prescribed) and menstrual care products are considered medical care and are considered a covered expense.

Qualified medical expenses are those incurred by the following persons.

1. You and your spouse.
2. All dependents you claim on your tax return.
3. Any person you could have claimed as a dependent on your return except that:
  - a. The person filed a joint return;
  - b. The person had gross income of \$5,050 or more;  
or
  - c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2024 return.



*For this purpose, a child of parents that are divorced, separated, or living apart for the last 6 months of the calendar year is treated as the dependent of both parents whether or not the custodial parent releases the claim to the child's exemption.*



*You can't deduct qualified medical expenses as an itemized deduction on Schedule A (Form 1040) that are equal to the tax-free distribution from your Archer MSA.*

### ***Special rules for insurance premiums.***

Generally, you can't treat insurance premiums as qualified medical expenses for Archer MSAs. You can, however, treat premiums for long-term care coverage, health care coverage while you receive unemployment benefits, or health care continuation coverage required under any federal law as qualified medical expenses for Archer MSAs.

## **Deemed distributions from Archer MSAs.**

The following situations result in deemed taxable distributions from your Archer MSA.

- You engaged in any transaction prohibited by section 4975 with respect to any of your Archer MSAs at any time in 2024. Your account ceases to be an Archer MSA as of January 1, 2024, and you must include the fair market value of all assets in the account as of January 1, 2024, on Form 8853.
- You used any portion of any of your Archer MSAs as security for a loan at any time in 2024. You must include the fair market value of the assets used as security for the loan as income on Form 1040, 1040-SR, or 1040-NR.

Examples of prohibited transactions include the direct or indirect:

- Sale, exchange, or leasing of property between you and the Archer MSA;

- Lending of money between you and the Archer MSA;
- Furnishing goods, services, or facilities between you and the Archer MSA; and • Transfer to or use by you, or for your benefit, of any assets of the Archer MSA.

Any deemed distribution won't be treated as used to pay qualified medical expenses.

These distributions are included in your income and are subject to the additional 20% tax, discussed later.



**Recordkeeping.** You must keep records sufficient to show that:

- The distributions were exclusively to pay or reimburse qualified medical expenses,
- The qualified medical expenses hadn't been previously paid or reimbursed from another source, and
- The medical expenses hadn't been taken as an itemized deduction in any year.

Don't send these records with your tax return. Keep them with your tax records.

## **Reporting Distributions on Your Return**

How you report your distributions depends on whether or not you use the distribution for qualified medical expenses, defined earlier.

- If you use a distribution from your Archer MSA for qualified medical expenses, you don't pay tax on the distribution but you have to report the distribution on Form 8853. Follow the instructions for the form and file it with your Form 1040, 1040-SR, or 1040-NR.
- If you don't use a distribution from your Archer MSA for qualified medical expenses, you must pay tax on the distribution. Report the amount on Form 8853 and file it with your Form 1040, 1040-SR, or 1040-NR. You may have to pay an additional 20% tax, discussed later, on your taxable distribution.



*If an amount (other than a rollover) is contributed to your Archer MSA this year (by you or your employer), you must also report and pay tax on a distribution you receive from your Archer MSA this year that is used to pay medical expenses of someone who isn't covered by an HDHP, or is also covered by another health plan that isn't an HDHP, at the time the expenses are incurred.*

**Rollovers.** Generally, any distribution from an Archer MSA that you roll over into another Archer MSA or an HSA isn't taxable if you complete the rollover within 60 days. An Archer MSA and an HSA can receive only one rollover contribution during a 1-year period. See the Form 8853 instructions for more information.

**Additional tax.** There is a 20% additional tax on the part of your distributions not used for qualified medical expenses.

Figure the tax on Form 8853 and file it with your Form 1040, 1040-SR, or 1040-NR. Report the additional tax in the total on Form 1040, 1040-SR, or 1040-NR.

***Exceptions.*** There is no additional tax on distributions made after the date you are disabled, reach age 65, or die.

## **Balance in an Archer MSA**

An Archer MSA is generally exempt from tax. You are permitted to take a distribution from your Archer MSA at any time; however, only those amounts used exclusively to pay for qualified medical expenses are tax free.

Amounts that remain at the end of the year are generally carried over to the next year (see *Excess contributions*, earlier). Earnings on amounts in an Archer MSA aren't included in your income while held in the Archer MSA.

# Death of the Archer MSA Holder

You should choose a beneficiary when you set up your Archer MSA. What happens to that Archer MSA when you die depends on whom you designate as the beneficiary.

**Spouse is the designated beneficiary.** If your spouse is the designated beneficiary of your Archer MSA, it will be treated as your spouse's Archer MSA after your death.

**Spouse isn't the designated beneficiary.** If your spouse isn't the designated beneficiary of your Archer MSA:

- The account stops being an Archer MSA, and
- The fair market value of the Archer MSA becomes taxable to the beneficiary in the year in which you die.

If your estate is the beneficiary, the fair market value of the Archer MSA will be included on your final income tax return.



*The amount taxable to a beneficiary other than the estate is reduced by any qualified medical expenses for the decedent that are paid by the beneficiary within 1 year after the date of death.*

## **Filing Form 8853**

You must file Form 8853 with your Form 1040, 1040-SR, or 1040-NR if you (or your spouse, if married filing a joint return) had any activity in your Archer MSA during the year. You must file the form even if only your employer or your spouse's employer made contributions to the Archer MSA.

If, during the tax year, you are the beneficiary of two or more Archer MSAs or you are a beneficiary of an Archer MSA and you have your own Archer MSA, you must complete a separate Form 8853 for each MSA. Enter "statement" at the top of each Form 8853 and complete the form as instructed.

Next, complete a controlling Form 8853 combining the amounts shown on each of the statement Forms 8853. Attach the statements to your tax return after the controlling Form 8853.

## **Employer Participation**

This section contains the rules that employers must follow if they decide to make Archer MSAs available to their employees. Unlike the previous discussions, “you” refers to the employer and not to the employee.

**Health plan.** If you want your employees to be able to have Archer MSAs, you must make an HDHP available to them. You can provide no additional coverage other than those exceptions listed earlier under *Other health coverage*.

**Contributions.** You can make contributions to your employees’ Archer MSAs and deduct them for the year in which you make them.

**Comparable contributions.** If you decide to make contributions, you must make comparable contributions to all comparable participating employees' Archer MSAs. Your contributions are comparable if they are either:

- The same amount, or
- The same percentage of the annual deductible limit under the HDHP covering the employees.

***Comparable participating employees.***

Comparable participating employees: • Are covered by your HDHP and are eligible to establish an Archer MSA, • Have the same category of coverage (either self-only or family coverage), and

- Have the same category of employment (either part-time or full-time).

**Excise tax.** If you made contributions to your employees' Archer MSAs that weren't comparable, you must pay an excise tax of 35% of the amount you contributed.

**Employment taxes.** Amounts you contribute to your employees' Archer MSAs aren't generally subject to employment taxes. You must report the contributions on Form W-2, box 12, code R.

## **Medicare Advantage MSAs**

A Medicare Advantage MSA is an Archer MSA designated by Medicare to be used solely to pay the qualified medical expenses of the account holder. To be eligible for a Medicare Advantage MSA, you must be enrolled in Medicare and have an HDHP that meets the Medicare guidelines.

A Medicare Advantage MSA is a tax-exempt trust or custodial savings account that you set up with a financial institution (such as a bank or an insurance company)

in which the Medicare program can deposit money for qualified medical expenses. The money in your account isn't taxed if it is used for qualified medical expenses, and it may earn interest or dividends.

An HDHP is a special health insurance policy that has a high deductible. You choose the policy you want to use as part of your Medicare Advantage MSA plan. However, the policy must be approved by the Medicare program.

Medicare Advantage MSAs are administered through the federal Medicare program. You can get information by calling 800-MEDICARE (800-633-4227) or through the Internet at [Medicare.gov](https://www.Medicare.gov).

**Note.** See the Instructions for Form 8853, Archer MSAs and Long-Term Care Insurance Contracts, to learn whether you must file Form 8853.

# Flexible Spending Arrangements (FSAs)

A health FSA allows employees to be reimbursed for medical expenses. FSAs are usually funded through voluntary salary reduction agreements with your employer. No employment or federal income taxes are deducted from your contribution. The employer may also contribute.

**Note.** Unlike HSAs or Archer MSAs, which must be reported on Form 1040, 1040-SR, or 1040-NR, there are no reporting requirements for FSAs on your income tax return.

For information on the interaction between a health FSA and an HSA, see *Other employee health plans* under *Qualifying for an HSA*, earlier.

**What are the benefits of an FSA?** You may enjoy several benefits from having an FSA.

- Contributions made by your employer can be excluded from your gross income.
- No employment or federal income taxes are deducted from the contributions.
- Reimbursements may be tax free if you pay qualified medical expenses. See Qualified medical expenses, later.
- You can use an FSA to pay qualified medical expenses even if funds have not yet been credited to the arrangement.

## **Qualifying for an FSA**

Health FSAs are employer-established benefit plans. These may be offered in conjunction with other employer-provided benefits as part of a cafeteria plan. Employers have flexibility to offer various combinations of benefits in designing their plans.

Self-employed persons aren't eligible for FSAs.



*Certain limitations may apply if you are a highly compensated participant or a key employee.*

## **Contributions to an FSA**

You contribute to your FSA by electing an amount to be voluntarily withheld from your pay by your employer. This is sometimes called a “salary reduction agreement.” The employer may also contribute to your FSA if specified in the plan.

You don't pay federal income tax or employment taxes on the salary you contribute or the amounts your employer contributes to the FSA. However, contributions made by your employer to provide coverage for long-term care insurance must be included in income.

## **When To Contribute**

At the beginning of the plan year, you must designate how much you want to contribute. Then, your employer will deduct amounts periodically (generally, every payday) in accordance with your annual election. You can change or revoke your election only if specifically allowed by law and the plan.

## **Amount of Contribution**

For 2024, salary reduction contributions to a health FSA can't be more than \$3,200 a year (or any lower amount set by the plan). This amount is indexed for inflation and may change from year to year.

Generally, contributed amounts that aren't spent by the end of the plan year are forfeited. However, see *Balance in an FSA*, later, for possible exceptions. For this reason, it is important to base your contribution on an estimate of the qualifying expenses you will have during the year.

## **Distributions From an FSA**

Generally, distributions from a health FSA must be paid only to reimburse you for qualified medical expenses you incurred during the period of coverage. You must be able to receive the maximum amount of reimbursement (the amount you have elected to contribute for the year) at any time during the coverage period, regardless of the amount you have actually contributed. The maximum amount you can receive tax free is the total amount you elected to contribute to the health FSA for the year.

You must provide the health FSA with a written statement from an independent third party stating that the medical expense has been incurred and the amount of the expense. You must also provide a written statement that the expense hasn't been paid or reimbursed under any other health plan coverage.

The FSA can't make advance reimbursements of future or projected expenses.

Debit cards, credit cards, and stored value cards given to you by your employer can be used to reimburse participants in a health FSA. If the use of these cards meets certain substantiation methods, you may not have to provide additional information to the health FSA. For information on these methods, see Revenue Ruling 2003-43, 2003-21 I.R.B. 935, available at [IRS.gov/pub/irs-drop/rr-03-43.pdf](https://www.irs.gov/pub/irs-drop/rr-03-43.pdf); Notice 2006-69, 2006-31 I.R.B. 107, available at [IRS.gov/irb/2006-31\\_IRB/ar10.html](https://www.irs.gov/irb/2006-31_IRB/ar10.html); and Notice 2007-2, 2007-2 I.R.B. 254, available at [IRS.gov/irb/2007-02\\_IRB/ar09.html](https://www.irs.gov/irb/2007-02_IRB/ar09.html).

**Qualified medical expenses.** Qualified medical expenses are those specified in the plan that would generally qualify for the medical and dental expenses deduction. These are explained in Pub. 502.

Expenses incurred after December 31, 2019, for over-the-counter medicine (whether or not prescribed) and menstrual care products are considered medical care and are considered a covered expense.

Qualified medical expenses are those incurred by the following persons.

1. You and your spouse.
2. All dependents you claim on your tax return.
  - a. Any person you could have claimed as a dependent on your return except that:
  - b. The person filed a joint return;
  - c. The person had gross income of \$5,050 or more;or
3. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2024 return.

4. Your child under age 27 at the end of your tax year.

You can't receive distributions from your FSA for the following expenses.

- Amounts paid for health insurance premiums.
- Amounts paid for long-term care coverage or expenses.
- Amounts that are covered under another health plan.

If you are covered under both a health FSA and an HRA, see Notice 2002-45, Part V, 2002-28 I.R.B. 93, available at [IRS.gov/pub/irs-drop/n-02-45.pdf](https://www.irs.gov/pub/irs-drop/n-02-45.pdf).



*You can't deduct qualified medical expenses as an itemized deduction on Schedule A (Form 1040) that are equal to the reimbursement you receive from the FSA.*

**Qualified reservist distribution.** A special rule allows amounts in a health FSA to be distributed to reservists ordered or called to active duty. This rule applies to distributions made after June 17, 2008, if the plan has been amended to allow these distributions. Your employer must report the distribution as wages on your Form W-2 for the year in which the distribution is made. The distribution is subject to employment taxes and is included in your gross income.

A qualified reservist distribution is allowed if you were (because you were in the reserves) ordered or called to active duty for a period of more than 179 days or for an indefinite period, and the distribution is made during the period beginning on the date of the order or call and ending on the last date that reimbursements could otherwise be made for the plan year that includes the date of the order or call.

## Balance in an FSA

FSAs are generally "use-it-or-lose-it" plans. This means that amounts in the account at the end of the plan year can't generally be carried over to the next year. However, the plan can provide for either a grace period or a carryover.

The plan can provide for a grace period of up to 2 1/2 months after the end of the plan year. If there is a grace period, any qualified medical expenses incurred in that period can be paid from any amounts left in the account at the end of the previous year. Your employer isn't permitted to refund any part of the balance to you. See Qualified reservist distributions, earlier.

Plans may allow up to \$640 of unused amounts remaining at the end of the plan year to be paid or reimbursed for qualified medical expenses you incur in the following plan year.

The plan may specify a lower dollar amount as the maximum carryover amount. If the plan permits a carryover, any unused amounts in excess of the carryover amount are forfeited. The carryover doesn't affect the maximum amount of salary reduction contributions that you are permitted to make.

A plan may allow either the grace period or a carryover, but it may not allow both.

## **Employer Participation**

For the health FSA to maintain tax-qualified status, employers must comply with certain requirements that apply to cafeteria plans. For example, there are restrictions for plans that cover highly compensated employees and key employees. The plans must also comply with rules applicable to other accident and health plans. Pub. 15-B, Employer's Tax Guide to Fringe Benefits, explains these requirements.

# Health Reimbursement Arrangements (HRAs)

An HRA must be funded solely by an employer. The contribution can't be paid through a voluntary salary reduction agreement on the part of an employee. Employees are reimbursed tax free for qualified medical expenses up to a maximum dollar amount for a coverage period. An HRA may be offered with other health plans, including FSAs.

**Note.** Unlike HSAs or Archer MSAs, which must be reported on Form 1040, 1040-SR, or 1040-NR, there are no reporting requirements for HRAs on your income tax return.

For information on the interaction between an HRA and an HSA, see *Other employee health plans* under *Qualifying for an HSA*, earlier.

## **What are the benefits of an HRA?**

You may enjoy several benefits from having an HRA.

- Contributions made by your employer can be excluded from your gross income.
- Reimbursements, which must be for qualified medical expenses, are tax free. See Qualified medical expenses, later.
- Any unused amounts in the HRA can be carried forward for reimbursements in later years.

## **Qualifying for an HRA**

HRAs are employer-established benefit plans. These may be offered in conjunction with other employer-provided health benefits. Employers have complete flexibility to offer various combinations of benefits in designing their plans.

Self-employed persons aren't eligible for HRAs.



*Certain limitations may apply if you are a highly compensated participant.*

## **Contributions to an HRA**

HRAs are funded solely through employer contributions and may not be funded through employee salary reductions under a cafeteria plan. These contributions aren't included in the employee's income. You don't pay federal income tax or employment taxes on amounts your employer contributes to the HRA.

### **Amount of Contribution**

There is no limit on the amount of money your employer can contribute to the arrangements. Additionally, the maximum reimbursement amount credited under the HRA in the future (not including amounts carried forward from previous coverage periods) may be increased or decreased. See *Balance in an HRA*, later.

## Distributions From an HRA

Generally, distributions from an HRA must be paid to reimburse you for qualified medical expenses you have incurred. The expense must have been incurred on or after the date you are enrolled in the HRA.

Debit cards, credit cards, and stored value cards given to you by your employer can be used to reimburse participants in an HRA. If the use of these cards meets certain substantiation methods, you may not have to provide additional information to the HRA. For information on these methods, see Revenue Ruling 2003-43, 2003-21 I.R.B. 935, available at [IRS.gov/pub/irs-drop/rr-03-43.pdf](https://www.irs.gov/pub/irs-drop/rr-03-43.pdf); Notice 2006-69, 2006-31 I.R.B. 107, available at [IRS.gov/irb/ 2006-31 IRB/ar10.html](https://www.irs.gov/irb/2006-31_IRB/ar10.html); and Notice 2007-2, 2007-2 I.R.B. 254, available at [IRS.gov/irb/2007-02 IRB/ar09.html](https://www.irs.gov/irb/2007-02_IRB/ar09.html).

If any distribution is, or can be, made for other than the reimbursement of qualified medical expenses, any distribution (including reimbursement of qualified medical expenses) made in the current tax year is included in gross income. For example, if an unused reimbursement is payable to you in cash at the end of the year, or upon termination of your employment, any distribution from the HRA is included in your income. This also applies if any unused amount upon your death is payable in cash to your beneficiary or estate, or if the HRA provides an option for you to transfer any unused reimbursement at the end of the year to a retirement plan.

If the plan permits amounts to be paid as medical benefits to a designated beneficiary (other than the employee's spouse or dependents), any distribution from the HRA is included in income.

Reimbursements under an HRA can be made to the following persons.

1. Current and former employees.
2. Spouses and dependents of those employees.
3. Any person you could have claimed as a dependent on your return except that:
  - a. The person filed a joint return;
  - b. The person had gross income of \$5,050 or more;  
or
  - c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2024 return.
4. Your child under age 27 at the end of your tax year.
5. Spouses and dependents of deceased employees.



*For this purpose, a child of parents that are divorced, separated, or living apart for the last 6 months*

*of the calendar year is treated as the dependent of both parents whether or not the custodial parent releases the claim to the child's exemption.*

**Qualified medical expenses.** Qualified medical expenses are those specified in the plan that would generally qualify for the medical and dental expenses deduction. These are explained in Pub. 502.

Expenses incurred after December 31, 2019, for over-the-counter medicine (whether or not prescribed) and menstrual care products are considered medical care and are considered a covered expense.

Qualified medical expenses from your HRA include the following.

- Amounts paid for health insurance premiums.

- Amounts paid for long-term care coverage.
- Medical expenses that aren't covered under another health plan.

If you are covered under both an HRA and a health FSA, see Notice 2002-45, Part V, which is available at [IRS.gov/pub/irs-drop/n-02-45.pdf](https://www.irs.gov/pub/irs-drop/n-02-45.pdf).



*You can't deduct qualified medical expenses as an itemized deduction on Schedule A (Form 1040) that are equal to the distribution from the HRA.*

## **Balance in an HRA**

Some, but not all, HRAs permit amounts that remain at the end of the year to be carried to the next year. Your employer isn't permitted to refund any part of the balance to you. These amounts may never be used for anything but reimbursements for qualified medical expenses.

## **Employer Participation**

For an HRA to maintain tax-qualified status, employers must comply with certain requirements that apply to other accident and health plans. Pub. 15-B, Employer's Tax Guide to Fringe Benefits, explains these requirements.

## **How To Get Tax Help**

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) to find resources that can help you right away.

### **Preparing and filing your tax return.**

After receiving all your wage and earnings statements (Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest,

dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

**Free options for tax preparation.** Your options for preparing and filing your return online or in your local community, if you qualify, include the following.

- **Direct File.** Direct File is a permanent option to file individual federal tax returns online—for free—directly and securely with the IRS. Direct File is an option for taxpayers in participating states who have relatively simple tax returns reporting certain types of income and claiming certain credits and deductions. While Direct File doesn't prepare state returns, if you live in a participating state,

Direct File guides you to a state-supported tool you can use to prepare and file your state tax return for free. Go to [IRS.gov/DirectFile](https://www.irs.gov/DirectFile) for more information, program updates, and frequently asked questions.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using software or Free File Fillable Forms. However, state tax preparation may not be available through Free File. Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns.

Go to [IRS.gov/ VITA](https://www.irs.gov/VITA), download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.

- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to [IRS.gov/TCE](https://www.irs.gov/TCE) or download the free IRS2Go app for information on free tax return preparation.
- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military OneSource. For more information, go to [MilitaryOneSource](https://www.MilitaryOneSource.mil/MilTax) ([MilitaryOneSource.mil/MilTax](https://www.MilitaryOneSource.mil/MilTax)).

Also, the IRS offers Free Fillable Forms, which can be completed online and then e-filed regardless of income.

**Using online tools to help prepare your return.** Go to [IRS.gov/Tools](https://www.irs.gov/Tools) for the following.

- [IRS.gov/DirectFile](https://www.irs.gov/DirectFile) offers an Eligibility Checker to help you determine if Direct File is the right choice for your tax filing needs.
- The [Earned Income Tax Credit Assistant \(IRS.gov/ EITCAssistant\)](https://www.irs.gov/EITCAssistant) determines if you're eligible for the earned income credit (EIC).
- The [Online EIN Application \(IRS.gov/EIN\)](https://www.irs.gov/EIN) helps you get an employer identification number (EIN) at no cost.
- The [Tax Withholding Estimator \(IRS.gov/W4App\)](https://www.irs.gov/W4App) makes it easier for you to estimate the federal income tax you want your employer to withhold from your

paycheck. This is tax withholding. See how your withholding affects your refund, take-home pay, or tax due.

- The [First-Time Homebuyer Credit Account Look-up \(IRS.gov/HomeBuyer\)](https://www.irs.gov/firsttimehomebuyer) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator \(IRS.gov/ SalesTax\)](https://www.irs.gov/sales-tax) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).



**Getting answers to your tax questions.** On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](https://www.irs.gov/help): A variety of tools to help you get answers to some of the most common tax questions.
- [IRS.gov/ITA](https://www.irs.gov/ita): The Interactive Tax Assistant, a tool that will ask you questions and,

based on your input, provide answers on a number of tax topics.

- [IRS.gov/Forms](https://www.irs.gov/forms): Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax information in your e-filing software.

**Need someone to prepare your tax return?** There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don't have professional credentials.

If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,

- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).



*Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [Tips for Choosing a Tax Preparer](#) on IRS.gov.*

**Employers can register to use Business Services Online.** The Social Security Administration (SSA) offers online service at [SSA.gov/employer](https://ssa.gov/employer) for fast, free, and secure W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement;

and Form W-2c, Corrected Wage and Tax Statement.

**Business tax account.** If you are a sole proprietor, a partnership, or an S corporation, you can view your tax information on record with the IRS and do more with a business tax account. Go to [IRS.gov/Business-Tax-Account](https://www.irs.gov/Business-Tax-Account) for more information.

**IRS social media.** Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos.](https://www.youtube.com/irsvideos)
- [Youtube.com/irsvideomultilingua.](https://www.youtube.com/irsvideomultilingua)
- [Youtube.com/irsvideosASL.](https://www.youtube.com/irsvideosASL)

**Online tax information in other languages.** You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

**Free Over-the-Phone Interpreter (OPI) Service.** The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.

**Accessibility Helpline available for taxpayers with disabilities.** Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp).

**Alternative media preference.** Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.
- Braille.
- Audio (MP3).

- Plain Text File (TXT).
- Braille Ready File (BRF).

**Disasters.** Go to [IRS.gov/DisasterRelief](https://www.irs.gov/DisasterRelief) to review the available disaster tax relief.

**Getting tax forms and publications.** Go to [IRS.gov/ Forms](https://www.irs.gov/Forms) to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order.

**Mobile-friendly forms.** You'll need an IRS Online Account (OLA) to complete mobile-friendly forms that require signatures. You'll have the option to submit your form(s) online or download a copy for mailing. You'll need scans of your documents to support your submission. Go to [IRS.gov/MobileFriendlyForms](https://www.irs.gov/MobileFriendlyForms) for more information.

**Getting tax publications and instructions in eBook format.** Download and view most tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at [IRS.gov/eBooks](https://www.irs.gov/eBooks).

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

**Access your online account (individual taxpayers only).** Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.
- Make a payment or view 5 years of payment history and any pending or scheduled payments.

- Access your tax records, including key data from your most recent tax return, and transcripts.
- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.
- View your address on file or manage your communication preferences.

**Get a transcript of your return.** With an online account, you can access a variety of information to help you during the filing season. You can get a transcript, review your most recently filed tax return, and get your adjusted gross income. Create or access your online account at [IRS.gov/Account](https://www.irs.gov/Account).

**Tax Pro Account.** This tool lets your tax professional submit an authorization request to access your individual taxpayer IRS OLA. For more information, go to [IRS.gov/ TaxProAccount](https://www.irs.gov/TaxProAccount).

**Using direct deposit.** The safest and easiest way to receive a tax refund is to e-file and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. If you don't have a bank account, go to [IRS.gov/DirectDeposit](https://www.irs.gov/DirectDeposit) for more information on where to find a bank or credit union that can open an account online.

## **Reporting and resolving your tax-related identity theft issues.**

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.

- The IRS doesn't initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income

tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to [IRS.gov/IPPIN](https://www.irs.gov/IPPIN).

## **Ways to check on the status of your refund.**

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.



*The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.*

**Making a tax payment.** Payments of U.S. tax must be remitted to the IRS in U.S. dollars. [Digital assets](#) are **not** accepted.

Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment using any of the following options.

- [IRS Direct Pay:](#) Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- [Debit Card, Credit Card, or Digital Wallet:](#) Choose an approved payment processor to pay online or by phone.
- [Electronic Funds Withdrawal:](#) Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System:](#) This is the best option for businesses. Enrollment is required.
- [Check or Money Order:](#) Mail your payment to the address listed on the notice or instructions.

- [Cash](#): You may be able to pay your taxes with cash at a participating retail store.
- [Same-Day Wire](#): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

**Note.** The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

**What if I can't pay now?** Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement](https://www.irs.gov/opa) ([IRS.gov/ OPA](https://www.irs.gov/opa)) to meet your tax obligation in monthly installments if you can't pay your taxes in full today.

Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.

- Use the [Offer in Compromise Pre-Qualifier](#) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](#).

**Filing an amended return.** Go to [IRS.gov/Form1040X](#) for information and updates.

**Checking the status of your amended return.** Go to [IRS.gov/WMAR](#) to track the status of Form 1040-X amended returns.



*It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.*

**Understanding an IRS notice or letter you've received.** Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

**IRS Document Upload Tool.** You may be able use the Document Upload Tool to respond digitally to eligible IRS notices and letters by securely uploading required documents online through IRS.gov. For more information, go to [IRS.gov/DUT](https://www.irs.gov/DUT).

**Schedule LEP.** You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multi-year timeline that began providing translations in 2023.

You will continue to receive communications, including notices and letters, in English until they are translated to your preferred language.

**Contacting your local TAC.** Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

Below is a message to you from the Taxpayer Advocate Service, an independent organization established by Congress.

## **The Taxpayer Advocate Service (TAS) Is Here To Help You**

### **What Is the Taxpayer Advocate Service?**

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS). TAS helps taxpayers resolve problems with the IRS, makes administrative and legislative recommendations to prevent or correct the problems, and protects taxpayer rights. We work to ensure that every taxpayer is treated fairly and that you know and understand your rights under the Taxpayer Bill of Rights. We are Your Voice at the IRS.

## How Can TAS Help Me?

TAS can help you resolve problems that you haven't been able to resolve with the IRS on your own. Always try to resolve your problem with the IRS first, but if you can't, then come to TAS. Our services are free.

- TAS helps all taxpayers (and their representatives), including individuals, businesses, and exempt organizations. You may be eligible for TAS help if your IRS problem is causing financial difficulty, if you've tried and been unable to resolve your issue with the IRS, or if you believe an IRS system, process, or procedure just isn't working as it should.
- To get help any time with general tax topics, visit [www.TaxpayerAdvocate.IRS.gov](http://www.TaxpayerAdvocate.IRS.gov). The site can help you with common tax issues and situations, such as what to do if you make a mistake on your return or if you get a notice from the IRS.

- TAS works to resolve large-scale (systemic) problems that affect many taxpayers. You can report systemic issues at [www.IRS.gov/SAMS](http://www.IRS.gov/SAMS). (Be sure not to include any personal identifiable information.)

## **How Do I Contact TAS?**

TAS has offices in every state, the District of Columbia, and Puerto Rico. To find your local advocate's number:

- Go to [www.TaxpayerAdvocate.IRS.gov/Contact-Us](http://www.TaxpayerAdvocate.IRS.gov/Contact-Us),
- Check your local directory, or
- Call TAS toll free at 877-777-4778.

## **What Are My Rights as a Taxpayer?**

The Taxpayer Bill of Rights describes ten basic rights that all taxpayers have when dealing with the IRS.

Go to

[www.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights](http://www.TaxpayerAdvocate.IRS.gov/Taxpayer-Rights) for more information about the rights, what they mean to you, and how they apply to specific situations you may encounter with the IRS. TAS strives to protect taxpayer rights and ensure the IRS is administering the tax law in a fair and equitable way.

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To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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