

Reporting HSA Data in TaxSlayer

For information about Health Savings Accounts, including eligibility, contribution limits and qualified medical expenses, refer to this document on CTC Resources:

- **“About Health Savings Accounts (HSAs)”**

A return reporting HSA data is **Advanced**. HSA topics are included in the Advanced certification course as of tax year 2020.

HSA clients may require proper tax reporting of two categories of HSA events: contributions and distributions/use. Tax preparers will need to have the following information and forms:

- **Form W-2 Box 12 Code W** – employer HSA contributions
- **Form 5498-SA** – HSA contributions by the employee or anyone other than the employer

Note: Form 5498-SA is typically not issued until after April 15th (the filing deadline) of the tax year it covers because contributions may be made until that date and still be considered part of the prior year. For this reason, a taxpayer may not have received Form 5498-SA if the return is being prepared before that filing deadline. If the taxpayer is certain that they made a contribution, they can self-report that amount and we will enter it in the tax return. This is similar to how retirement account contributions are treated.

- **Form 1099-SA** – distributions from the HSA to the employee (if any)
- **Type of Plan:** Self or Family?
- **Number of months of coverage?**

Reporting EMPLOYER Contributions to an HSA – W-2 Box 12 Code W

1. From the W-2 screen in TaxSlayer, enter the **W** code and amount shown in Box 12. Doing so will prompt TaxSlayer to load a Health Savings Account (Form 8889).
Note: This form can also be accessed from **Federal Deductions Adjustments Health Savings Account (Form 8889)**.
2. Do **NOT** enter the employer contributions again on Form 8889. They are entered only once on the main W-2 screen in TaxSlayer and are not deductible by the employee.
3. Select either **Single** or **Family** as the Coverage Type.
4. Enter the number of months during the year the taxpayer was covered by the HSA.

Form belongs to:

Taxpayer

Coverage under high deductible health plan. If you are no longer covered under a plan, please select your previous type of coverage *

-- Please Select --

! Please select Coverage under high deductible health plan. If you are no longer covered under a plan, please select your previous type of coverage.

HSA Contributions

HSA Contributions you made for 2020

* INCLUDE contributions made from Jan 1 to Apr 15 of this year that were for 2020.

* DO NOT INCLUDE employer contributions, contributions through a cafeteria plan, or amounts that were rolled over into your HSA(s).

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Number of months during this tax year that you were an eligible individual

- Please Select -

Reporting EMPLOYEE Contributions to an HSA – Form 5498-SA or self-report

An employee may make optional contributions to an HSA from their own funds or funds provided by friends and family. These contributions can be used as an adjustment to income. The HSA custodian may provide the employee with a Form 5498-SA or the employee may self-report the contributions from their records or a telephone verification.

Note: Form 5498-SA is typically not issued until after April 15th (the filing deadline) of the tax year it includes because contributions may be made until that date and still be considered part of the prior year. For this reason, a taxpayer may not have received Form 5498-SA if the return is being prepared before that filing deadline. If the taxpayer is certain that they made a contribution, they can self-report that amount and we will enter it in the tax return. This is similar to how retirement account contributions are treated.

1. In the Health Savings Account (Form 8889) screen in TaxSlayer, enter any employee **HSA Contributions** from Form 5498-SA Box 2 or from taxpayer self-report.

Reporting DISTRIBUTIONS AND USE of HSA funds – Form 1099-SA or self-report that no distributions were taken

An employee may request a distribution (withdrawal) of funds from their HSA. The HSA custodian may provide the employee with a Form 1099-SA, or the employee may self-report that no distributions were taken.

If the taxpayer did not take any distributions from the HSA during the tax year, they will not receive a 1099-SA. If the taxpayer reports that they did not take distributions, ask them to double-check that they did not or should not have received Form 1099-SA from the HSA administrator.

1. In the Health Savings Account (Form 8889) screen in TaxSlayer, enter the amount of **Total distributions received from all HSAs.**

Note: Usually shown in Box 1 of Form 1099-SA.

2. In **Distributions used for qualified medical expenses**, enter the amount of distributed funds used for qualified medical expenses.

Note: If you do not enter an amount here, your entire distribution will be considered taxable.

HSA Distributions

Total distributions received during 2020 from all HSAs.

(Usually shown in Box 1 of Form(s) 1099-SA)

Distributions used for qualified medical expenses

* If you do not enter an amount here your entire distribution will be considered taxable.

Distributions you received in 2020 that you rolled over into another HSA. Also include any excess contributions (and the earnings on those excess contributions) included above that were withdrawn by the due date of your return.