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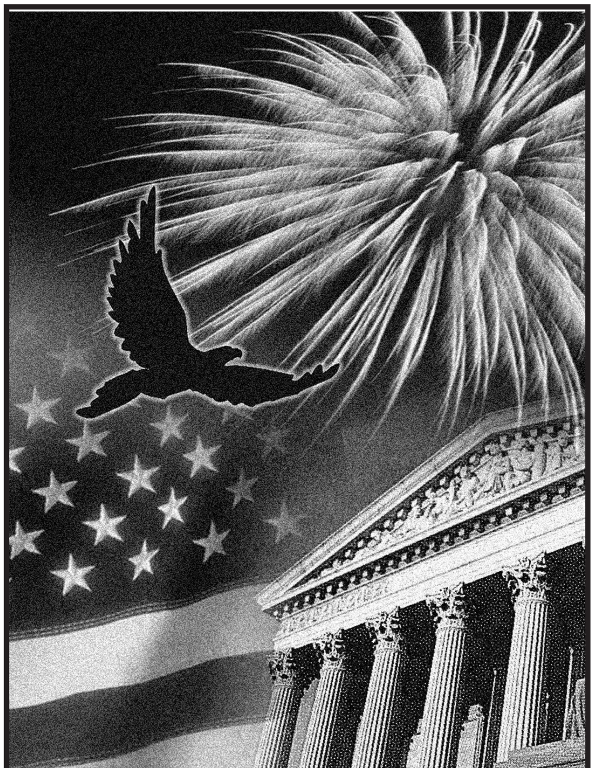
Health Savings Accounts and Other Tax-Favored Health Plans

For use in preparing

2016 Returns



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Feb 10, 2017

Contents

Reminders

Future developments. For the latest information about developments related to Pub. 969, such as legislation enacted after it was published, go to *www.irs.gov/pub969*.

Photographs of missing children. The Internal Revenue Service is a proud partner with the *National Center for Missing & Exploited Children® (NCMEC)*. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Federal tax benefits for same-sex married couples. For federal tax purposes, marriages of couples of the same sex are treated the same as marriages of couples of the opposite sex. The term "spouse" includes an individual married to a person of the same sex. However, individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that isn't considered a marriage under state law aren't considered married for federal tax purposes.

Flexible Spending Arrangements (FSAs) and Health Reimbursement Arrangements (HRAs). Notice 2013-54, 2013-40 I.R.B. 287, available at *www.irs.gov/irb/2013-40_IRB/ar11.html* provides guidance for employers on the application of the Affordable Care Act (ACA) to Flexible Spending Arrangements (FSAs) and Health Reimbursement Arrangements (HRAs).

For more information on the Affordable Care Act, go to IRS.gov and enter “Affordable Care Act” in the search box.

Health Flexible Spending Arrangements (FSAs). The following rules apply to health FSAs.

- Salary reduction contributions to your health FSA can’t be more than $2,550 a year (indexed for inflation). This inflation adjusted amount is listed in Rev. Proc. 2015–53, sec. 3.16 available at *www.irs.gov/irb/2015-44_IRB/ar10.html*.

- Your employer may choose to change your cafeteria plan to allow you to carry over up to $500 of unused amounts remaining at the end of the plan year in a health FSA to be paid or reimbursed for qualified medical expenses incurred during the following plan year. For more information, see *Balance in an FSA* under *Flexible Spending Arrangements (FSAs)*, later.

Introduction

Various programs are designed to give individuals tax advantages to offset health care costs. This publication explains the following programs.

- Health Savings Accounts (HSAs).
- Medical Savings Accounts (Archer MSAs and Medicare Advantage MSAs).
- Health Flexible Spending Arrangements (FSAs).
- Health Reimbursement Arrangements (HRAs).

An HSA may receive contributions from an eligible individual or any other person, including an employer or a family member, on behalf of an eligible individual. Contributions, other than employer contributions, are deductible on the eligible individual's return whether or not the individual itemizes deductions. Employer contributions aren't included in income. Distributions from an HSA that are used to pay qualified medical expenses aren't taxed.

An Archer MSA may receive contributions from an eligible individual and his or her employer, but not both in the same year. Contributions by the individual are deductible whether or not the individual itemizes deductions. Employer contributions aren't included in income. Distributions from an Archer MSA that are used to pay qualified medical expenses aren't taxed.

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 who is enrolled in Medicare. Contributions can only be made by Medicare. The contributions aren't included in your income. Distributions from a Medicare Advantage MSA that are used to pay qualified medical expenses aren't taxed.

A health FSA may receive contributions from an eligible individual. Employers may also contribute. Contributions aren't includible in income. Reimbursements from an FSA that are used to pay qualified medical expenses aren't taxed.

An HRA must receive contributions from the employer only. Employees may not contribute. Contributions aren't includible in income. Reimbursements from an HRA that are used to pay qualified medical expenses aren't taxed.

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Although we cannot respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax products.

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Tax questions. If you have a tax question not answered by this publication, check IRS.gov and *How To Get Tax Help* at the end of this publication.

Health Savings Accounts (HSAs)

A Health Savings Account (HSA) is a tax-exempt trust or custodial account you set up with a qualified HSA trustee to pay or reimburse certain medical expenses you incur. You must be an eligible individual to qualify for an HSA.

No permission or authorization from the IRS is necessary to establish an HSA. You set up an HSA with a trustee. A qualified HSA trustee can be a bank, an insurance company, or anyone already approved by the IRS to be a trustee of individual retirement arrangements (IRAs) or Archer MSAs. The HSA can be established through a trustee that is different from your health plan provider.

Your employer may already have some information on HSA trustees in your area.

TIP *If you have an Archer MSA, you generally can roll it over into an HSA tax free. See Rollovers, later.*

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

- You can claim a tax deduction for contributions you, or someone other than your employer, make to your HSA even if you don't itemize your deductions on Schedule A (Form 1040).
- Contributions to your HSA made by your employer (including contributions made through a cafeteria plan) may be excluded from your gross income.
- The contributions remain in your account until you use them.
- The interest or other earnings on the assets in the account are tax free.
- Distributions may be tax free if you pay qualified medical expenses. See *Qualified medical expenses*, later.

- An HSA is “portable.” It stays with you if you change employers or leave the work force.

Qualifying for an HSA

To be an eligible individual and qualify for an HSA, you must meet the following requirements.

- You are covered under a high deductible health plan (HDHP), described later, on the first day of the month.
- You have no other health coverage except what is permitted under *Other health coverage*, later.
- You aren’t enrolled in Medicare.
- You can’t be claimed as a dependent on someone else's 2016 tax return.

TIP *Under the last-month rule, you are considered to be an eligible individual for the entire year if you are an eligible individual on the first day of the last month of your tax year (December 1 for most taxpayers).*

If you meet these requirements, you are an eligible individual even if your spouse has non-HDHP family coverage, provided your spouse's coverage doesn’t cover you.

CAUTION *If another taxpayer is entitled to claim an exemption for you, you can’t claim a deduction for an HSA contribution. This is true even if the other person doesn’t actually claim your exemption.*

TIP *Each spouse who is an eligible individual who wants an HSA must open a separate HSA. You can’t have a joint HSA.*

High deductible health plan (HDHP). An HDHP has:

- A higher annual deductible than typical health plans, and
- A maximum limit on the sum of the annual deductible and out-of-pocket medical expenses that you must pay for covered expenses. Out-of-pocket expenses include copayments and other amounts, but don’t include premiums.

An HDHP may provide preventive care benefits without a deductible or with a deductible less than the minimum annual deductible. Preventive care includes, but isn’t limited to, the following.

1. Periodic health evaluations, including tests and diagnostic procedures ordered in connection with routine examinations, such as annual physicals.
2. Routine prenatal and well-child care.
3. Child and adult immunizations.
4. Tobacco cessation programs.
5. Obesity weight-loss programs.
6. Screening services. This includes screening services for the following:
   a. Cancer.
   b. Heart and vascular diseases.
   c. Infectious diseases.
   d. Mental health conditions.
   e. Substance abuse.
   f. Metabolic, nutritional, and endocrine conditions.
   g. Musculoskeletal disorders.
   h. Obstetric and gynecological conditions.
   i. Pediatric conditions.
   j. Vision and hearing disorders.

For more information on screening services, see Notice 2004-23, 2004-15 I.R.B. 725 available at *www.irs.gov/irb/2004-15_IRB/ar10.html*.

The following table shows the minimum annual deductible and maximum annual deductible and other out-of-pocket expenses for HDHPs for 2016.

	Self-only coverage	Family coverage
Minimum annual deductible	$1,300	$2,600
Maximum annual deductible and other out-of-pocket expenses*	$6,550	$13,100

* This limit doesn’t apply to deductibles and expenses for out-of-network services if the plan uses a network of providers. Instead, only deductibles and out-of-pocket expenses for services within the network should be used to figure whether the limit applies.

TIP *The following table shows the minimum annual deductible and maximum annual deductible and other out-of-pocket expenses for HDHPs for 2017.*

	Self-only coverage	Family coverage
Minimum annual deductible	$1,300	$2,600
Maximum annual deductible and other out-of-pocket expenses*	$6,550	$13,100

* This limit doesn’t apply to deductibles and expenses for out-of-network services if the plan uses a network of providers. Instead, only deductibles and out-of-pocket expenses for services within the network should be used to figure whether the limit applies.

Self-only HDHP coverage is an HDHP covering only an eligible individual. Family HDHP coverage is an HDHP covering an eligible individual and at least one other individual (whether or not that individual is an eligible individual).

Example. An eligible individual and his dependent child are covered under an “employee plus one” HDHP offered by the individual's employer. This is family HDHP coverage.

Family plans that don’t meet the high deductible rules. There are some family plans that have deductibles for both the family as a whole and for individual family members. Under these plans, if you meet the individual deductible for one family member, you don't have to meet the higher annual deductible amount for the family. If either the deductible for the family as a whole or the deductible for an individual family member is less than the minimum annual deductible for family coverage, the plan doesn't qualify as an HDHP.

Example. You have family health insurance coverage in 2016. The annual deductible for the family plan is $3,500. This plan also has an individual deductible of $1,500 for each family member. The plan doesn't qualify as an HDHP because the deductible for an individual family member is less than the minimum annual deductible ($2,600) for family coverage.

Other health coverage. You (and your spouse, if you have family coverage) generally can't have any health coverage, other than an HDHP. However, you can still be an eligible individual even if your spouse has non-HDHP coverage provided you aren't covered by that plan.

You can have additional insurance that provides benefits only for the following items.

- Liabilities incurred under workers' compensation laws, tort liabilities, or liabilities related to ownership or use of property.
- A specific disease or illness.
- A fixed amount per day (or other period) of hospitalization.

You can also have coverage (whether provided through insurance or otherwise) for the following items.

- Accidents.
- Disability.
- Dental care.
- Vision care.
- Long-term care.

CAUTION *Plans in which substantially all of the coverage is through the items listed earlier aren't HDHPs. For example, if your plan provides coverage substantially all of which is for a specific disease or illness, the plan isn't an HDHP for purposes of establishing an HSA.*

Prescription drug plans. You can have a prescription drug plan, either as part of your HDHP or a separate plan (or rider), and qualify as an eligible individual if the plan doesn't provide benefits until the minimum annual deductible of the HDHP has been met. If you can receive benefits before that deductible is met, you aren't an eligible individual.

Other employee health plans. An employee covered by an HDHP and a health FSA or an HRA that pays or reimburses qualified medical expenses generally can't make contributions to an HSA. Health FSAs and HRAs are discussed later.

However, an employee can make contributions to an HSA while covered under an HDHP and one or more of the following arrangements.

- Limited-purpose health FSA or HRA. These arrangements can pay or reimburse the items listed earlier under *Other health coverage* except long-term care. Also, these arrangements can pay or reimburse preventive care expenses because they can be paid without having to satisfy the deductible.
- Suspended HRA. Before the beginning of an HRA coverage period, you can elect to suspend the HRA. The HRA doesn't pay or reimburse, at any time, the medical expenses incurred during the suspension period except preventive care and items listed under *Other health coverage*. When the suspension period ends, you are no longer eligible to make contributions to an HSA.
- Post-deductible health FSA or HRA. These arrangements don't pay or reimburse any medical expenses incurred before the minimum annual deductible amount is met. The deductible for these arrangements doesn't have to be the same as the deductible for the HDHP, but benefits may not be provided before the minimum annual deductible amount is met.
- Retirement HRA. This arrangement pays or reimburses only those medical expenses incurred after retirement. After retirement you are no longer eligible to make contributions to an HSA.

Health FSA – grace period. Coverage during a grace period by a general purpose health FSA is allowed if the balance in the health FSA at the end of its prior year plan is zero. See *Flexible Spending Arrangements (FSAs)*, later.

Contributions to an HSA

Any eligible individual can contribute to an HSA. For an employee's HSA, the employee, the employee's employer, or both may contribute to the employee's HSA in the same year. For an HSA established by a self-employed (or unemployed) individual, the individual can contribute. Family members or any other person may also make contributions on behalf of an eligible individual.

Contributions to an HSA must be made in cash. Contributions of stock or property aren't allowed.

Limit on Contributions

The amount you or any other person can contribute to your HSA depends on the type of HDHP coverage you have, your age, the date you become an eligible individual, and the date you cease to be an eligible individual. For 2016, if you have self-only HDHP coverage, you can contribute up to $3,350. If you have family HDHP coverage, you can contribute up to $6,750.

TIP *For 2017, if you have self-only HDHP coverage, you can contribute up to $3,400. If you have family HDHP coverage, you can contribute up to $6,750.*

If you were, or were considered (under the last-month rule, discussed later), an eligible individual for the entire year and didn't change your type of coverage, you can contribute the full amount based on your type of coverage. However, if you weren't an eligible individual for the entire year or changed your coverage during the year, your contribution limit is the greater of:

1. The limitation shown on the *Line 3 Limitation Chart and Worksheet* in the Instructions for Form 8889, Health Savings Accounts (HSAs), or
2. The maximum annual HSA contribution based on your HDHP coverage (self-only or family) on the first day of the last month of your tax year.

TIP *If you had family HDHP coverage on the first day of the last month of your tax year, your contribution limit for 2016 is $6,750 even if you changed coverage during the year.*

Last-month rule. Under the last-month rule, if you are an eligible individual on the first day of the last month of your tax year (December 1 for most taxpayers), you are considered an eligible individual for the entire year. You are treated as having the same HDHP coverage for the entire year as you had on the first day of the last month.

Testing period. If contributions were made to your HSA based on you being an eligible individual for the entire year under the last-month rule, you must remain an eligible individual during the testing period. For the last-month rule, the testing period begins with the last month of your tax year and ends on the last day of the 12th month following that month (for example, December 1, 2016, through December 31, 2017).

If you fail to remain an eligible individual during the testing period, for reasons other than death or becoming disabled, you will have to include in income the total contributions made to your HSA that wouldn't have been made except for the last-month rule. You include this amount in your income in the year in which you fail to be an eligible individual. This amount is also subject to a 10% additional tax. The income and additional tax are calculated on Form 8889, Part III.

Example 1. Chris, age 53, becomes an eligible individual on December 1, 2016. He has family HDHP coverage on that date. Under the last-month rule, he contributes $6,750 to his HSA.

Chris fails to be an eligible individual in June 2017. Because Chris didn't remain an eligible individual during the testing period (December 1, 2016 through December 31, 2017), he must include in his 2017 income the contributions made in 2016 that would not have been made except for the last-month rule. Chris uses the worksheet in the Form 8889 instructions to determine this amount.

January	-0-
February	-0-
March	-0-
April	-0-
May	-0-
June	-0-
July	-0-
August	-0-
September	-0-
October	-0-
November	-0-
December	$6,750.00
Total for all months	$6,750.00
Limitation. Divide the total by 12	$562.50

Chris would include $6,187.50 ($6,750.00 – $562.50) in his gross income on his 2017 tax return. Also, a 10% additional tax applies to this amount.

Example 2. Erika, age 39, has self-only HDHP coverage on January 1, 2016. Erika changes to family HDHP coverage on November 1, 2016. Because Erika has family HDHP coverage on December 1, 2016, she contributes $6,750 for 2016.

Erika fails to be an eligible individual in March 2017. Because she didn't remain an eligible individual during the testing period (December 1, 2016, through December 31, 2017), she must include in income the contribution made that wouldn't have been made except for the last-month rule. Erika uses the worksheet in the Form 8889 instructions to determine this amount.

January	$3,350.00
February	$3,350.00
March	$3,350.00
April	$3,350.00
May	$3,350.00
June	$3,350.00
July	$3,350.00
August	$3,350.00
September	$3,350.00
October	$3,350.00
November	$6,750.00
December	$6,750.00
Total for all months	$47,000.00
Limitation. Divide the total by 12	$3,916.67

Erika would include $2,833.33 ($6,750.00 – $3,916.67) in her gross income on her 2017 tax return. Also, a 10% additional tax applies to this amount.

Additional contribution. If you are an eligible individual who is age 55 or older at the end of your tax year, your contribution limit is increased by $1,000. For example, if you have self-only coverage, you can contribute up to $4,350 (the contribution limit for self-only coverage ($3,350) plus the additional contribution of $1,000). However, see Enrolled in Medicare, later.

CAUTION *If you have more than one HSA in 2016, your total contributions to all the HSAs cannot be more than the limits discussed earlier.*

Reduction of contribution limit. You must reduce the amount that can be contributed (including any additional contribution) to your HSA by the amount of any contribution made to your Archer MSA (including employer contributions) for the year. A special rule applies to married people, discussed next, if each spouse has family coverage under an HDHP.

Rules for married people. If either spouse has family HDHP coverage, both spouses are treated as having family HDHP coverage. If each spouse has family coverage under a separate plan, the contribution limit for 2016 is $6,750. You must reduce the limit on contributions, before taking into account any additional contributions, by the amount contributed to both spouses' Archer MSAs. After that reduction, the contribution limit is split equally between the spouses unless you agree on a different division.

CAUTION *The rules for married people apply only if both spouses are eligible individuals.*

If both spouses are 55 or older and not enrolled in Medicare, each spouse's contribution limit is increased by the additional contribution. If both spouses meet the age requirement, the total contributions under family coverage cannot be more than $8,750. Each spouse must make the additional contribution to his or her own HSA.

Example. For 2016, Mr. Auburn and his wife are both eligible individuals. They each have family coverage under separate HDHPs. Mr. Auburn is 58 years old and Mrs. Auburn is 53. Mr. and Mrs. Auburn can split the family contribution limit ($6,750) equally or they can agree on a different division. If they split it equally, Mr. Auburn can contribute $4,375 to an HSA (one-half the maximum contribution for family coverage ($3,375) + $1,000 additional contribution) and Mrs. Auburn can contribute $3,375 to an HSA.

Employer contributions. You must reduce the amount you, or any other person, can contribute to your HSA by the amount of any contributions made by your employer that are excludable from your income. This includes amounts contributed to your account by your employer through a cafeteria plan.

Enrolled in Medicare. Beginning with the first month you are enrolled in Medicare, your contribution limit is zero.

Example. You turned age 65 in July 2016 and enrolled in Medicare. You had an HDHP with self-only coverage and are eligible for an additional contribution of $1,000. Your contribution limit is $2,175 ($4,350 × 6 ÷ 12).

Qualified HSA funding distribution. A qualified HSA funding distribution may be made from your traditional IRA or Roth IRA to your HSA. This distribution can't be made from an ongoing SEP IRA or SIMPLE IRA. For this purpose, a SEP IRA or SIMPLE IRA is ongoing if an employer contribution is made for the plan year ending with or within the tax year in which the distribution would be made.

The maximum qualified HSA funding distribution depends on the HDHP coverage (self-only or family) you have on the first day of the month in which the contribution is made and your age as of the end of the tax year. The distribution must be made directly by the trustee of the IRA to the trustee of the HSA. The distribution isn't included in your income, isn't deductible, and reduces the amount that can be contributed to your HSA. The qualified HSA funding distribution is shown on Form 8889 for the year in which the distribution is made.

You can make only one qualified HSA funding distribution during your lifetime. However, if you make a distribution during a month when you have self-only HDHP coverage, you can make another qualified HSA funding distribution in a later month in that tax year if you change to family HDHP coverage. The total qualified HSA funding distribution can't be more than the contribution limit for family HDHP coverage plus any additional contribution to which you are entitled.

Example. In 2016, you are an eligible individual, age 57, with self-only HDHP coverage. You can make a qualified HSA funding distribution of $4,350 ($3,350 plus $1,000 additional contribution).

Funding distribution – testing period. You must remain an eligible individual during the testing period. For a qualified HSA funding distribution, the testing period begins with the month in which the qualified HSA funding distribution is contributed and ends on the last day of the 12th month following that month. For example, if a qualified HSA funding distribution is contributed to your HSA on August 10, 2016, your testing period begins in August 2016, and ends on August 31, 2017.

If you fail to remain an eligible individual during the testing period, for reasons other than death or becoming disabled, you will have to include in income the qualified HSA funding distribution. You include this amount in income in the year in which you fail to be an eligible individual. This amount is also subject to a 10% additional tax. The income and the additional tax are calculated on Form 8889, Part III.

Each qualified HSA funding distribution allowed has its own testing period. For example, you are an eligible individual, age 45, with self-only HDHP coverage. On June 18, 2016, you make a qualified HSA funding distribution of $3,350. On July 27, 2016, you enroll in family HDHP coverage and on August 17, 2016, you make a qualified HSA funding distribution of $3,200. Your testing period for the first distribution begins in June 2016 and ends on June 30, 2017. Your testing period for the second distribution begins in August 2016 and ends on August 31, 2017.

The testing period rule that applies under the last-month rule (discussed earlier) doesn't apply to amounts contributed to an HSA through a qualified HSA funding distribution. If you remain an eligible individual during the entire funding distribution testing period, then no amount of that distribution is included in income and won't be subject to the additional tax for failing to meet the last-month rule testing period.

Rollovers

A rollover contribution isn't included in your income, isn't deductible, and doesn't reduce your contribution limit.

Archer MSAs and other HSAs. You can roll over amounts from Archer MSAs and other HSAs into an HSA. You don't have to be an eligible individual to make a rollover contribution from your existing HSA to a new HSA. Rollover contributions don't need to be in cash. Rollovers aren't subject to the annual contribution limits.

You must roll over the amount within 60 days after the date of receipt. You can make only one rollover contribution to an HSA during a 1-year period.

Note. If you instruct the trustee of your HSA to transfer funds directly to the trustee of another of your HSAs, the transfer isn't considered a rollover. There is no limit on the number of these transfers. Don't include the amount transferred in income, deduct it as a contribution, nor include it as a distribution on Form 8889.

When To Contribute

You can make contributions to your HSA for 2016 until April 18, 2017. If you fail to be an eligible individual during 2016, you can still make contributions, up until April 18, 2017, for the months you were an eligible individual.

Your employer can make contributions to your HSA between January 1, 2017, and April 18, 2017, that are allocated to 2016. Your employer must notify you and the trustee of your HSA that the contribution is for 2016. The contribution will be reported on your 2017 Form W-2.

Reporting Contributions on Your Return

Contributions made by your employer aren't included in your income. Contributions to an employee's account by an employer using the amount of an employee's salary reduction through a cafeteria plan are treated as employer contributions. Generally, you can claim contributions you made and contributions made by any other person, other than your employer, on your behalf, as an adjustment to income.

Contributions by a partnership to a bona fide partner's HSA aren't contributions by an employer. The contributions are treated as a distribution of money and aren't included in the partner's gross income. Contributions by a partnership to a partner's HSA for services rendered are treated as guaranteed payments that are deductible by the partnership and includible in the partner's gross income. In both situations, the partner can deduct the contribution made to the partner's HSA.

Contributions by an S corporation to a 2% shareholder-employee's HSA for services rendered are treated as guaranteed payments and are deductible by the S corporation and includible in the shareholder-employee's gross income. The shareholder-employee can deduct the contribution made to the shareholder-employee's HSA.

Form 8889. Report all contributions to your HSA on Form 8889 and file it with your Form 1040 or Form 1040NR. You should include all contributions made for 2016, including those made by April 18, 2017, that are designated for 2016. Contributions made by your employer and qualified HSA funding distributions are also shown on the form.

You should receive Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, from the trustee showing the amount contributed to your HSA during the year. Your employer's contributions also will be shown in box 12 of Form W-2, Wage and Tax Statement, with code W. Follow the instructions for Form 8889. Report your HSA deduction on Form 1040 or Form 1040NR.

Excess contributions. You will have excess contributions if the contributions to your HSA 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 box 1 of Form W-2, 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 for the year the contributions were made.
- 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.

CAUTION

If you fail to remain an eligible individual during any of the testing periods, discussed earlier, the amount you have to include in income isn't an excess contribution. If you withdraw any of those amounts, the amount is treated the same as any other distribution from an HSA, discussed later.

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

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

Amounts contributed for the year include contributions by you, your employer, and any other person. They also include any qualified HSA funding distribution made to your HSA. Any excess contribution remaining at the end of a tax year is subject to the excise tax. See Form 5329.

Distributions From an HSA

You generally will 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 HSA to send you a distribution from your HSA.

You can receive tax-free distributions from your HSA to pay or be reimbursed for qualified medical expenses you incur after you establish the HSA. If you receive distributions for other reasons, the amount you withdraw will be subject to income tax and may be subject to an additional 20% tax. You don't have to make distributions from your HSA each year.

TIP *If you are no longer an eligible individual, you can still receive tax-free distributions to pay or reimburse your qualified medical expenses.*

Generally, a distribution is money you get from your HSA. Your total distributions include amounts paid with a debit card that restricts payments to health care and amounts withdrawn from the HSA by other individuals that you have designated. 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 generally would qualify for the medical and dental expenses deduction. These are explained in Pub. 502, Medical and Dental Expenses.

Also, non-prescription medicines (other than insulin) aren't considered qualified medical expenses for HSA purposes. A medicine or drug will be a qualified medical expense for HSA purposes only if the medicine or drug:

1. Requires a prescription,
2. Is available without a prescription (an over-the-counter medicine or drug) and you get a prescription for it, or
3. Is insulin.

For HSA purposes, expenses incurred before you establish your HSA aren't qualified medical expenses. State law determines when an HSA is established. An HSA that is funded by amounts rolled over from an Archer MSA or another HSA is established on the date the prior account was established.

If, under the last-month rule, you are considered to be an eligible individual for the entire year for determining the contribution amount, only those expenses incurred after you actually establish your HSA are qualified medical expenses.

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 $4,050 or more, or
   c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2016 return.

TIP *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.*

CAUTION *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 HSA.*

Insurance premiums. You can't treat insurance premiums as qualified medical expenses unless the premiums are for:

1. Long-term care insurance.
2. Health care continuation coverage (such as coverage under COBRA).
3. Health care coverage while receiving unemployment compensation under federal or state law.
4. Medicare and other health care coverage if you were 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap).

The premiums for long-term care insurance (item (1)) that you can treat as qualified medical expenses are subject to limits based on age and are adjusted annually. See *Limit on long-term care premiums you can deduct* in the instructions for Schedule A (Form 1040).

Items (2) and (3) can be for your spouse or a dependent meeting the requirement for that type of coverage. For item (4), if you, the account beneficiary, are not 65 or older, Medicare premiums for coverage of your spouse or a dependent (who is 65 or older) generally aren't qualified medical expenses.

Health coverage tax credit. You can't claim this credit for premiums that you pay with a tax-free distribution from your HSA. See Pub. 502 for more information on this credit.

Deemed distributions from HSAs. The following situations result in deemed taxable distributions from your HSA.

- You engaged in any transaction prohibited by section 4975 with respect to any of your HSAs, at any time in 2016. Your account ceases to be an HSA as of January 1, 2016, and you must include the fair market value of all assets in the account as of January 1, 2016, on Form 8889.

- You used any portion of any of your HSAs as security for a loan at any time in 2016. You must include the fair market value of the assets used as security for the loan as income on Form 1040 or Form 1040NR.

Examples of prohibited transactions include the direct or indirect:

- Sale, exchange, or leasing of property between you and the HSA,
- Lending of money between you and the HSA,
- Furnishing goods, services, or facilities between you and the HSA, and
- Transfer to or use by you, or for your benefit, of any assets of the HSA.

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.

RECORDS

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 HSA for qualified medical expenses, you don't pay tax on the distribution but you have to report the distribution on Form 8889. However, the distribution of an excess contribution taken out after the due date, including extensions, of your return is subject to tax even if used for qualified medical expenses. Follow the instructions for the form and file it with your Form 1040 or Form 1040NR.
- If you don't use a distribution from your HSA for qualified medical expenses, you must pay tax on the distribution. Report the amount on Form 8889 and file it with your Form 1040 or Form 1040NR. You may have to pay an additional 20% tax on your taxable distribution.

TIP

HSA administration and maintenance fees withdrawn by the trustee aren't reported as distributions from the HSA.

Additional tax. There is an additional 20% tax on the part of your distributions not used for qualified medical expenses. Figure the tax on Form 8889 and file it with your Form 1040 or Form 1040NR.

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

Balance in an HSA

An HSA is generally exempt from tax. You are permitted to take a distribution from your HSA 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 HSA aren't included in your income while held in the HSA.

Death of HSA Holder

You should choose a beneficiary when you set up your HSA. What happens to that HSA 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 HSA, it will be treated as your spouse's HSA after your death.

Spouse isn't the designated beneficiary. If your spouse isn't the designated beneficiary of your HSA:

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

If your estate is the beneficiary, the value is included on your final income tax return.

TIP

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 8889

You must file Form 8889 with your Form 1040 or Form 1040NR if you (or your spouse, if married filing a joint return) had any activity in your HSA during the year. You must file the form even if only your employer or your spouse's employer made contributions to the HSA.

If, during the tax year, you are the beneficiary of two or more HSAs or you are a beneficiary of an HSA and you have your own HSA, you must complete a separate Form 8889 for each HSA. Enter "statement" at the top of each Form 8889 and complete the form as instructed. Next, complete a controlling Form 8889 combining the amounts shown on each of the statement Forms 8889. Attach the statements to your tax return after the controlling Form 8889.

Employer Participation

This section contains the rules that employers must follow if they decide to make HSAs 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 HSAs, they must have an HDHP. You can provide no additional coverage other than those exceptions listed previously under *Other health coverage*.

Contributions. You can make contributions to your employees' HSAs. You deduct the contributions on your business income tax return for the year in which you make the contributions. If the contribution is allocated to the prior year, you still deduct it in the year in which you made the contribution.

For more information on employer contributions, see Notice 2008-59, 2008-29 I.R.B. 123, questions 23 through 27, available at *www.irs.gov/irb/2008-29_IRB/ar11.html*.

Comparable contributions. If you decide to make contributions, you must make comparable contributions to all comparable participating employees' HSAs. 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.

The comparability rules don't apply to contributions made through a cafeteria plan.

Comparable participating employees. Comparable participating employees:

- Are covered by your HDHP and are eligible to establish an HSA,
- Have the same category of coverage (either self-only or family coverage), and
- Have the same category of employment (part-time, full-time, or former employees).

To meet the comparability requirements for eligible employees who have neither established an HSA by December 31 nor notified you that they have an HSA, you must meet a notice requirement and a contribution requirement.

You will meet the notice requirement if by January 15 of the following calendar year you provide a written notice to all such employees. The notice must state that each eligible employee who, by the last day of February, establishes an HSA and notifies you that he or she has established an HSA will receive a comparable contribution to the HSA for the prior year. For a sample of the notice, see Regulations section 54.4980G-4 A-14(c). You will meet the contribution requirement for these employees if by April 18, 2017, you contribute comparable amounts plus reasonable interest to the employees' HSA for the prior year.

Note. For purposes of making contributions to HSAs of non-highly compensated employees, highly compensated employees shall not be treated as comparable participating employees.

Excise tax. If you made contributions to your employees' HSAs 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' HSAs generally aren't subject to employment taxes. You must report the contributions in box 12 of the Form W-2 you file for each employee. This includes the amounts the employee elected to contribute through a cafeteria plan. Enter code "W" in box 12.

Medical Savings Accounts (MSAs)

Archer MSAs were created to help self-employed individuals and employees of certain small employers meet the medical care costs of the account holder, the account holder's spouse, or the account holder's dependent(s).

CAUTION

After 2007, you can't be treated as an eligible individual for Archer MSA purposes unless:

1. *You were an active participant for any tax year ending before 2008, or*
2. *You became an active participant for a tax year ending after 2007, by reason of coverage under a high deductible health plan (HDHP) of an Archer MSA participating employer.*

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 who is eligible for Medicare.

Archer MSAs

An Archer MSA is a tax-exempt trust or custodial account that you set up with a U.S. financial institution (such as a bank or an insurance company) in which you can save money exclusively for future medical expenses.

What are the benefits of an Archer MSA? You may enjoy several benefits from having an Archer MSA.

- You can claim a tax deduction for contributions you make even if you don't itemize your deductions on Schedule A (Form 1040) or Schedule A (Form 1040NR).
- The interest or other earnings on the assets in your Archer MSA are tax free.
- Distributions may be tax free if you pay qualified medical expenses. See *Qualified medical expenses*, later.
- The contributions remain in your Archer MSA from year to year until you use them.

- An Archer MSA is “portable” so it stays with you if you change employers or leave the work force.

Qualifying for an Archer MSA

To qualify for an Archer MSA, you must be either of the following.

- An employee (or the spouse of an employee) of a small employer (defined later) that maintains a self-only or family HDHP for you (or your spouse).
- A self-employed person (or the spouse of a self-employed person) who maintains a self-only or family HDHP.

You can have no other health or Medicare coverage except what is permitted under *Other health coverage*, later. You must be an eligible individual on the first day of a given month to get an Archer MSA deduction for that month.

CAUTION *If another taxpayer is entitled to claim an exemption for you, you can't claim a deduction for an Archer MSA contribution. This is true even if the other person doesn't actually claim your exemption.*

Small employer. A small employer is generally an employer who had an average of 50 or fewer employees during either of the last 2 calendar years. The definition of small employer is modified for new employers and growing employers.

Growing employer. A small employer may begin HDHPs and Archer MSAs for his or her employees and then grow beyond 50 employees. The employer will continue to meet the requirement for small employers if he or she:

- Had 50 or fewer employees when the Archer MSAs began,
- Made a contribution that was excludable or deductible as an Archer MSA for the last year he or she had 50 or fewer employees, and
- Had an average of 200 or fewer employees each year after 1996.

Changing employers. If you change employers, your Archer MSA moves with you. However, you may not make additional contributions unless you are otherwise eligible.

High deductible health plan (HDHP). To be eligible for an Archer MSA, you must be covered under an HDHP. An HDHP has:

- A higher annual deductible than typical health plans, and
- A maximum limit on the annual out-of-pocket medical expenses that you must pay for covered expenses.

Limits. The following table shows the limits for annual deductibles and the maximum out-of-pocket expenses for HDHPs for 2016.

	Self-only coverage	Family coverage
Minimum annual deductible	$2,250	$4,450
Maximum annual deductible	$3,350	$6,700
Maximum annual out-of-pocket expenses	$4,450	$8,150

Family plans that don't meet the high deductible rules. There are some family plans that have deductibles for both the family as a whole and for individual family members. Under these plans, if you meet the individual deductible for one family member, you don't have to meet the higher annual deductible amount for the family. If either the deductible for the family as a whole or the deductible for an individual family member is less than the minimum annual deductible for family coverage, the plan doesn't qualify as an HDHP.

Example. You have family health insurance coverage in 2016. The annual deductible for the family plan is $5,500. This plan also has an individual deductible of $2,000 for each family member. The plan doesn't qualify as an HDHP because the deductible for an individual family member is less than the minimum annual deductible ($4,450) for family coverage.

Other health coverage. You (and your spouse, if you have family coverage) generally can't have any other health coverage that isn't an HDHP. However, you can still be an eligible individual even if your spouse has non-HDHP coverage provided you aren't covered by that plan. However, you can have additional insurance that provides benefits only for the following items.

- Liabilities incurred under workers' compensation laws, torts, or ownership or use of property.
- A specific disease or illness.
- A fixed amount per day (or other period) of hospitalization.

You can also have coverage (whether provided through insurance or otherwise) for the following items.

- Accidents.
- Disability.
- Dental care.
- Vision care.
- Long-term care.

Contributions to an MSA

Contributions to an Archer MSA must be made in cash. You can't contribute stock or other property to an Archer MSA.

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.

CAUTION *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 2016. The annual deductible is $5,000. You can contribute up to $3,750 ($5,000 × 75%) to your Archer MSA for the year.

Example 2. You have an HDHP for your family for the entire months of July through December 2016 (6 months). The annual deductible is $5,000. You can contribute up to $1,875 ($5,000 × 75% ÷ 12 × 6) to your Archer MSA for the year.

TIP *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 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. Simon Snowhill earned $25,000 from TR Company in 2016. Through TR, he had an HDHP for his family for the entire year. The annual deductible was $5,000. He can contribute up to $3,750 to his Archer MSA (75% × $5,000). He can contribute the full amount because he earned more than $3,750 at TR.

Example 2. Westley Lawrence is self-employed. He had an HDHP for his family for the entire year in 2016. The annual deductible was $5,000. Based on the annual deductible, the maximum contribution to his Archer MSA would have been $3,750 (75% × $5,000). However, after deducting his business expenses, Westley's net self-employment income is $2,500 for the year. Therefore, he is 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 2016 until April 18, 2017.

Reporting Contributions on Your Return

Report all contributions to your Archer MSA on Form 8853 and file it with your Form 1040 or Form 1040NR. You should include all contributions you, or your employer, made for 2016, including those made by April 18, 2017, that are designated for 2016.

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 in box 12 of Form W-2, Wage and Tax Statement, with 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 or Form 1040NR.

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 box 1 of Form W-2, 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 generally will 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.

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

Also, non-prescription medicines (other than insulin) aren't considered qualified medical expenses for MSA purposes. A medicine or drug will be a qualified medical expense for MSA purposes only if the medicine or drug:

1. Requires a prescription,
2. Is available without a prescription (an over-the-counter medicine or drug) and you get a prescription for it, or
3. Is insulin.

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 $4,050 or more, or
   c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2016 return.

TIP *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.*

! CAUTION *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.

Health coverage tax credit. You cannot claim this credit for premiums that you pay with a tax-free distribution from your Archer MSA. See Pub. 502 for information on this credit.

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 2016. Your account ceases to be an Archer MSA as of January 1, 2016, and you must include the fair market value of all assets in the account as of January 1, 2016, on Form 8853.
- You used any portion of any of your Archer MSAs as security for a loan at any time in 2016. You must include the fair market value of the assets used as security for the loan as income on Form 1040 or Form 1040NR.

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 or Form 1040NR.
- 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 or Form 1040NR. You may have to pay an additional 20% tax, discussed later, on your taxable distribution.

CAUTION *If an amount (other than a rollover) is contributed to your Archer MSA this year (by you or your employer), you also must 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 is not 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 only receive 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 or Form 1040NR. Report the additional tax in the total on Form 1040 or Form 1040NR.

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.

TIP *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 or Form 1040NR 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 previously under *Other health coverage*.

Contributions. You can make contributions to your employees' Archer MSAs. You deduct the contributions on the “Employee benefit programs” line of your business income tax return for the year in which you make the contributions. If you are filing Form 1040, Schedule C, this is Part II, line 14.

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 generally aren't subject to employment taxes. You must report the contributions in box 12 of the Form W-2 you file for each employee. Enter code “R” in box 12.

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 a high deductible health plan (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 1-800-Medicare (1-800-633-4227) or through the Internet at www.medicare.gov.

Note. You must file Form 8853, Archer MSAs and Long-Term Care Insurance Contracts, with your tax return if you have a Medicare Advantage MSA.

Flexible Spending Arrangements (FSAs)

A health Flexible Spending Arrangement (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 or Form 1040NR, 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.
- Withdrawals may be tax free if you pay qualified medical expenses. See *Qualified medical expenses*, later.
- You can withdraw funds from the account to pay qualified medical expenses even if you haven't yet placed the funds in the account.

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 complete flexibility to offer various combinations of benefits in designing their plan.

Self-employed persons aren't eligible for FSAs.

CAUTION *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 there is a change in your employment or family status that is specified by the plan.

Amount of Contribution

For 2016, salary reduction contributions to a health FSA cannot be more than $2,550 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 at *www.irs.gov/pub/irs-drop/rr-03-43.pdf*, Notice 2006-69, 2006-31 I.R.B. 107 available at *www.irs.gov/irb/2006-31_IRB/ar10.html*, and Notice 2007-2, 2007-2 I.R.B. 254 available at *www.irs.gov/irb/2007-2_IRB/ar09.html*.

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

Also, non-prescription medicines (other than insulin) aren't considered qualified medical expenses for FSA purposes. A medicine or drug will be a qualified medical expense for FSA purposes only if the medicine or drug:

1. Requires a prescription,
2. Is available without a prescription (an over-the-counter medicine or drug) and you get a prescription for it, or
3. Is insulin.

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 $4,050 or more, or
   c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2016 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 *www.irs.gov/pub/irs-drop/n-02-45.pdf*.

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

Flexible spending accounts are generally "use-it-or-lose-it" plans. This means that amounts in the account at the end of the plan year generally can't 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 2½ 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 distribution, earlier.

Plans may allow up to $500 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. Chapters 1 and 2 of Pub. 15-B, Employer's Tax Guide to Fringe Benefits, explain these requirements.

Health Reimbursement Arrangements (HRAs)

A Health Reimbursement Arrangement (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 or Form 1040NR, 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 may be tax free if you pay qualified medical expenses. 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 plan.

Self-employed persons aren't eligible for HRAs.

CAUTION *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 deferrals under a cafeteria plan. These contributions aren't included in the employee's income. You don't pay federal income taxes 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 accounts. Additionally, the maximum reimbursement amount credited under the HRA in the future may be increased or decreased by amounts not previously used. 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 at www.irs.gov/pub/irs-drop/rr-03-43.pdf, Notice 2006-69, 2006-31 I.R.B. 107 available at www.irs.gov/irb/2006-31_IRB/ar10.html, and Notice 2007-2, 2007-2 I.R.B. 254 available at www.irs.gov/irb/2007-2_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 $4,050 or more, or
   c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2016 return.
4. Your child under age 27 at the end of your tax year.
5. Spouses and dependents of deceased employees.

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

Also, non-prescription medicines (other than insulin) aren't considered qualified medical expenses for HRA purposes. A medicine or drug will be a qualified medical expense for HRA purposes only if the medicine or drug:

1. Requires a prescription,
2. Is available without a prescription (an over-the-counter medicine or drug) and you get a prescription for it, or
3. Is insulin.

Qualified medical expenses from your HRA include the following.

- Amounts paid for health insurance premiums.
- Amounts paid for long-term care coverage.
- Amounts 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 *www.irs.gov/pub/irs-drop/n-02-45.pdf*.

CAUTION *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

Amounts that remain at the end of the year generally can be carried over 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. Chapters 1 and 2 of Pub. 15-B, Employer's Tax Guide to Fringe Benefits, explain 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 and find resources that can help you right away.

Preparing and filing your tax return. Find free options to prepare and file your return on IRS.gov or in your local community if you qualify.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people who generally make $54,000 or less, persons with disabilities, the elderly, and limited-English-speaking taxpayers who need help preparing their own tax returns. 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.

You can go to IRS.gov and click on the Filing tab to see your options for preparing and filing your return which include the following.

- **Free File.** Go to *IRS.gov/freefile*. See if you qualify to use brand-name software to prepare and *e-file* your federal tax return for free.
- **VITA.** Go to *IRS.gov/vita*, download the free IRS2Go app, or call 1-800-906-9887 to find the nearest VITA location for free tax preparation.
- **TCE.** Go to *IRS.gov/tce*, download the free IRS2Go app, or call 1-888-227-7669 to find the nearest TCE location for free tax preparation.

Getting answers to your tax law questions. On IRS.gov get answers to your tax questions anytime, anywhere.

- Go to *IRS.gov/help* or *IRS.gov/letushelp* pages for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to *IRS.gov/ita* for the Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics and provide answers. You can print the entire interview and the final response for your records.
- Go to *IRS.gov/pub17* to get Pub. 17, Your Federal Income Tax for Individuals, which features details on tax-saving opportunities, 2016 tax changes, and thousands of interactive links to help you find answers to your questions. View it online in HTML or as a PDF or, better yet, download it to your mobile device to enjoy eBook features.
- You may also be able to access tax law information in your electronic filing software.

Getting tax forms and publications. Go to *IRS.gov/forms* to view, download, or print all of the forms and publications you may need. You can also download and view popular tax publications and instructions (including the 1040 instructions) on mobile devices as an eBook at no charge. Or, you can go to *IRS.gov/orderforms* to place an order and have forms mailed to you within 10 business days.

Using direct deposit. The fastest way to receive a tax refund is to combine direct deposit and IRS *e-file*. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. IRS issues more than 90% of refunds in less than 21 days.

Delayed refund for returns claiming certain credits. Due to changes in the law, the IRS can't issue refunds before February 15, 2017, for returns that claim the earned income credit (EIC) or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

Getting a transcript or copy of a return. The quickest way to get a copy of your tax transcript is to go to *IRS.gov/transcripts*. Click on either "Get Transcript Online" or "Get Transcript by Mail" to order a copy of your transcript. If you prefer, you can:

- Order your transcript by calling 1-800-908-9946.
- Mail Form 4506-T or Form 4506T-EZ (both available on IRS.gov).

Using online tools to help prepare your return. Go to *IRS.gov/tools* for the following.

- The *Earned Income Tax Credit Assistant* (*IRS.gov/eic*) determines if you are eligible for the EIC.
- The *Online EIN Application* (*IRS.gov/ein*) helps you get an employer identification number.
- The *IRS Withholding Calculator* (*IRS.gov/w4app*) estimates the amount you should have withheld from your paycheck for federal income tax purposes.
- The *First Time Homebuyer Credit Account Look-up* (*IRS.gov/homebuyer*) tool provides information on your repayments and account balance.
- The *Sales Tax Deduction Calculator* (*IRS.gov/salestax*) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040), choose not to claim state and local income taxes, and you didn't save your receipts showing the sales tax you paid.

Resolving tax-related identity theft issues.

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.
- Go to *IRS.gov/idprotection* for information and videos.
- If your SSN has been lost or stolen or you suspect you are a victim of tax-related identity theft, visit *IRS.gov/id* to learn what steps you should take.

Checking on the status of your refund.

- Go to *IRS.gov/refunds*.
- Due to changes in the law, the IRS can't issue refunds before February 15, 2017, for returns that claim the EIC or the ACTC. This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 1-800-829-1954.

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to *IRS.gov/payments* 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 or credit card:** Choose an approved payment processor to pay online, by phone, and by mobile device.
- **Electronic Funds Withdrawal:** Offered only when filing your federal taxes using tax preparation software or through a tax professional.
- **Electronic Federal Tax Payment System:** Best option for businesses. Enrollment is required.
- **Check or money order:** Mail your payment to the address listed on the notice or instructions.

- **Cash:** If cash is your only option, you may be able to pay your taxes at a participating retail store.

What if I can't pay now? Go to IRS.gov/payments for more information about your options.

- Apply for an online payment agreement (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 (IRS.gov/oic) to see if you can settle your tax debt for less than the full amount you owe.

Checking the status of an amended return. Go to IRS.gov and click on Where's My Amended Return? (IRS.gov/wmar) under the "Tools" bar to track the status of Form 1040X amended returns. Please note that it can take up to 3 weeks from the date you mailed your amended return for it show up in our system and processing it can take up to 16 weeks.

Understanding an IRS notice or letter. Go to IRS.gov/notices to find additional information about responding to an IRS notice or letter.

Contacting your local IRS office. Keep in mind, many questions can be resolved on IRS.gov without visiting an IRS Tax Assistance Center (TAC). Go to IRS.gov/letushelp for the topics people ask about most. If you still need help, IRS 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 waiting. Before you visit, go to IRS.gov/taclocator to find the nearest TAC, 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."

Watching IRS videos. The IRS Video portal (IRSvideos.gov) contains video and audio presentations for individuals, small businesses, and tax professionals.

Getting tax information in other languages. For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on IRS.gov in the following languages.

- Spanish (IRS.gov/spanish).
- Chinese (IRS.gov/chinese).
- Vietnamese (IRS.gov/vietnamese).
- Korean (IRS.gov/korean).
- Russian (IRS.gov/russian).

The IRS TACs provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

The Taxpayer Advocate Service Is Here To Help You

What is the Taxpayer Advocate Service?

The Taxpayer Advocate Service (TAS) is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. Our job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the Taxpayer Bill of Rights.

What Can the Taxpayer Advocate Service Do For You?

We can help you resolve problems that you can't resolve with the IRS. And our service is free. If you qualify for our assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business,
- You face (or your business is facing) an immediate threat of adverse action, or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach Us?

We have offices in every state, the District of Columbia, and Puerto Rico. Your local advocate's number is in your local directory and at taxpayeradvocate.irs.gov. You can also call us at 1-877-777-4778.

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Our Tax Toolkit at taxpayeradvocate.irs.gov can help you understand what these rights mean to you and how they apply. These are ***your*** rights. Know them. Use them.

How Else Does the Taxpayer Advocate Service Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to us at IRS.gov/sams.

Low Income Taxpayer Clinics

Low Income Taxpayer Clinics (LITCs) serve individuals whose income is below a certain level and need to resolve tax problems such as audits, appeals, and tax collection disputes. Some clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. To find a clinic near you, visit *IRS.gov/litc* or see IRS Publication 4134, *Low Income Taxpayer Clinic List*.

Index

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.