Health Savings Accounts (HSAs)

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments
For the latest information about developments related to Form 8889 and its instructions, such as legislation enacted after they were published, go to IRS.gov/Form8889.

What’s New
Telehealth and other remote care extended. The Consolidated Appropriations Act 2022 extends the availability of telehealth and other remote care for HSAs. In the case of months beginning after March 31, 2022, and before January 1, 2023:
1. An eligible individual may have separate coverage for telehealth and other remote care in addition to a high deductible health plan.
2. A high deductible health plan may have no deductible (or a deductible below the minimum annual deductible) for telehealth and other remote care services.

Surprise billing for emergency services or air ambulance services. For plan years beginning after 2021:
1. An individual who is otherwise eligible to contribute to an HSA will not fail to be considered an eligible individual because the individual receives benefits from a health plan under anti-“surprise billing” laws.
2. A health plan that is otherwise an HDHP will not fail to be considered an HDHP because it provides benefits under anti-“surprise billing” laws without satisfaction of the HDHP deductible.

Note. Federal and state anti-“surprise billing” laws generally protect policyholders from “surprise billing” by compelling health plans to provide coverage for items like emergency medical services, some non-emergency medical services, and air ambulance services. See section 223 for details.

Ask your health insurance provider(s) whether your HDHP and any disregarded coverage meet the requirements of section 223.

Reminders
Personal protective equipment. Amounts paid for personal protective equipment (PPE), such as masks, hand sanitizer, and sanitizing wipes, for use by you, your spouse, or your dependent(s) to prevent the spread of COVID-19 are eligible medical expenses that may be paid or reimbursed from an HSA. See Announcement 2021-7 at IRS.gov/IRB/2021-15_IRB#ANN-2021-7.

Cost of home testing for COVID-19. The cost to diagnose COVID-19 is an eligible medical expense for tax purposes, which means the cost of home testing for COVID-19 for you, your spouse, or your dependent(s) may be paid or reimbursed from an HSA. See IRS.gov/Newsroom/IRS-Cost-of-Home-Testing-for-COVID-19-Is-Eligible-Medical-Expense-Reimbursable-Under-FSAs-HSAs.

General Instructions
Purpose of Form
Use Form 8889 to:
• Report health savings account (HSA) contributions (including those made on your behalf and employer contributions),
• Figure your HSA deduction,
• Report distributions from HSAs, and
• Figure amounts you must include in income and additional tax you may owe if you fail to be an eligible individual.

Additional information. See Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, for more details on HSAs. Also, see the Instructions for Form 1040 and the Instructions for Form 1040-NR.

Who Must File
You must file Form 8889 if any of the following applies.
• You (or someone on your behalf, including your employer) made contributions for 2022 to your HSA.
• You received HSA distributions in 2022.
• You must include certain amounts in income because you failed to be an eligible individual during the testing period.

Definitions
Eligible Individual
To be eligible to have contributions made to your HSA, you must be covered under a high deductible health plan (HDHP) and have no other health coverage except certain disregarded coverage. If you are an eligible individual, anyone can contribute to your HSA. However, you cannot be enrolled in Medicare or be another person’s dependent. An individual does not fail to be treated as an eligible individual for any period merely because the individual receives hospital care or medical services under any law administered by the Secretary of Veterans Affairs for a service-connected disability. You must be, or be considered, an eligible individual on the first day of a month to take an HSA deduction for that month (see Last-month rule next).

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 to be an eligible individual for the entire year, so long as you remain an eligible individual during the testing period as discussed below.

Testing period. You must remain an eligible individual during the testing period in order to take advantage of 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, 2022 – December 31, 2023). If you fail to remain an eligible individual during this period, other than because of death or

If you (or your spouse, if filing jointly) received HSA distributions in 2022, you must file Form 8889 with Form 1040, Form 1040-SR, or Form 1040-NR, even if you have no taxable income or any other reason for filing Form 1040, Form 1040-SR, or Form 1040-NR.
becoming disabled, you will have to include in income the total contributions made that would not have been made except for the last-month rule. 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. (See Part III.)

**Account Beneficiary**

The account beneficiary is the individual on whose behalf the HSA was established.

**HSA**

Generally, an HSA is a health savings account set up exclusively for paying the qualified medical expenses of the account beneficiary or the account beneficiary’s spouse or dependents.

**Distributions From an HSA**

Distributions from an HSA used exclusively to pay qualified medical expenses of the account beneficiary, spouse, or dependents are excludable from gross income. (See the Line 15 instructions for information on medical expenses of dependents not claimed on your return.) You can receive distributions from an HSA even if you are not currently eligible to have contributions made to the HSA. However, any part of a distribution not used to pay qualified medical expenses is includible in gross income and is subject to an additional 20% tax unless an exception applies.

**Qualified Medical Expenses**

Generally, “qualified medical expenses” for HSA purposes are unreimbursed medical expenses that could otherwise be deducted on Schedule A (Form 1040). See the Instructions for Schedule A and Pub. 502, Medical and Dental Expenses. As the HSA account beneficiary, you can pay these expenses for medical care for yourself, your spouse, and your dependents. Even though nonprescription medicines (other than insulin) do not qualify for the medical and dental expenses deduction, they do qualify as expenses for HSA purposes. The cost of menstrual care products (tampons, pads, liners, cups, sponges, or other similar products) are also reimbursable for HSA purposes.

Amounts you pay for personal protective equipment, such as masks, hand sanitizer, and sanitizing wipes for you, your spouse, and your dependent(s) for the primary purpose of preventing the spread of COVID-19 are treated as medical expenses eligible to be reimbursed from an HSA.

The cost of home testing for COVID-19 for you, your spouse, or your dependent(s) is an eligible medical expense for tax purposes, which may be paid or reimbursed from an HSA.

Expenses incurred before you establish your HSA are not qualified medical expenses. 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.

You cannot treat insurance premiums as qualified medical expenses unless the premiums are for:

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

**TIP**

Coverage under (2) and (3) can be for your spouse or a dependent meeting the requirement. For (4), if you, the account beneficiary, are under age 65, Medicare premiums for your spouse or dependents (who are age 65 or older) are generally not qualified medical expenses.

**High Deductible Health Plan**

An HDHP is a health plan that meets the following requirements.

<table>
<thead>
<tr>
<th>Minimum annual deductible</th>
<th>Self-only coverage</th>
<th>Family coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,400</td>
<td>$2,800</td>
<td></td>
</tr>
<tr>
<td>Maximum annual out-of-pocket expenses*</td>
<td>$7,050</td>
<td>$14,100</td>
</tr>
</tbody>
</table>

* This limit does not 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 (such as copayments and other amounts, but not premiums) for services within the network should be used to figure whether the limit is reached.

Notice 2020-15, available at IRS.gov/irb/2020-14_IRB#NOT-2020-15, provides that an HDHP may pay for medical care services and items purchased related to testing for, and treatment of, COVID-19 before satisfying the applicable minimum deductible.

**Safe harbor for preventive care.** An HDHP may have a zero deductible for preventive care. For more details, see Pub. 969.

**Safe harbor for telehealth.** An HDHP may have a zero deductible for telehealth and other remote care services for months beginning after March 31, 2022, and before January 1, 2023.

**Certain coverage disregarded.** An eligible individual may have:

1. Coverage for any benefit provided by permitted insurance, and
2. Coverage (whether through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care, or (in the case of months beginning after March 31, 2022, and before January 1, 2023) telehealth and other remote care.

**Permitted insurance.** Permitted insurance means:

A. Insurance if substantially all of the coverage provided relates to:

1. Liabilities incurred under workers’ compensation laws,
2. Tort liabilities, and/or,
3. Liabilities relating to ownership or use of property;

B. Insurance for a specified disease or illness; and

C. Insurance paying a fixed amount per day (or other period) of hospitalization.

For information on prescription drug plans, see Pub. 969.

**Disabled**

An individual is generally considered disabled if he or she is unable to engage in any substantial gainful activity due to a physical or mental impairment that
Death of Account Beneficiary

If the account beneficiary's surviving spouse is the designated beneficiary, the HSA is treated as if the surviving spouse were the account beneficiary. The surviving spouse completes Form 8889 as though the HSA belonged to him or her.

If the designated beneficiary is not the account beneficiary's surviving spouse, or there is no designated beneficiary, the account ceases to be an HSA as of the date of death. The beneficiary completes Form 8889 as follows.

- Enter “Death of HSA account beneficiary” across the top of Form 8889.
- Enter the name(s) shown on the beneficiary’s tax return and the beneficiary’s SSN in the spaces provided at the top of the form and skip Part I.
- On Part II, line 14a, enter the fair market value of the HSA as of the date of death.
- On Part II, line 15, for a beneficiary other than the estate, enter qualified medical expenses incurred by the account beneficiary before the date of death that the beneficiary paid within 1 year after the date of death.
- Complete the rest of Part II.

If the account beneficiary's estate is the beneficiary, the value of the HSA as of the date of death is included on the account beneficiary's final income tax return. Complete Form 8889 as described above, except you should complete Part I, if applicable.

The distribution is not subject to the additional 20% tax. Report any earnings on the account after the date of death as income on your tax return.

Deemed Distributions From HSAs

The following situations result in deemed distributions from your HSA.
- You engaged in any transaction prohibited by section 4975 with respect to any of your HSAs, at any time in 2022. Your account ceases to be an HSA as of January 1, 2022, and you must include the fair market value of all assets in the account as of January 1, 2022, on line 14a.
- You used any portion of any of your HSAs as security for a loan at any time in 2022. You must include the fair market value of the assets used as security for the loan as income on line 8f of Schedule 1 (Form 1040).

Any deemed distribution will not be treated as used to pay qualified medical expenses. Generally, these distributions are subject to the additional 20% tax.

Rollovers

A rollover is a tax-free distribution (withdrawal) of assets from one HSA or Archer MSA that is reinvested in another HSA of the same account beneficiary. Generally, you must complete the rollover within 60 days after you received the distribution. An HSA can only receive one rollover contribution during a 1-year period. See Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs), for more details and additional requirements regarding rollovers.

Note. If you instruct the trustee of your HSA to transfer funds directly to the trustee of another of your HSAs, the transfer is not considered a rollover. There is no limit on the number of these transfers. Do not include the amount transferred in income, deduct it as a contribution, or include it as a distribution on line 14a.

Specific Instructions

Name and social security number (SSN). Enter your name(s) as shown on your tax return and the SSN of the HSA account beneficiary. If married filing jointly and both you and your spouse have HSAs, complete a separate Form 8889 for each of you.

Part I—HSA Contributions and Deductions

Use Part I to figure:
- Your HSA deduction.
- Any excess contributions you made (or those made on your behalf), and
- Any excess contributions made by an employer (see Excess Employer Contributions, later).

Figuring Your HSA Deduction

The maximum amount that can be contributed to your HSA depends on the type of HDHP coverage you have. If you have self-only coverage, your maximum contribution is $3,650. If you have family coverage, your maximum contribution is $7,300.

Note. If you are age 55 or older at the end of your tax year, you can make an additional contribution of $1,000.

Your maximum contribution is reduced by any employer contributions to your HSA, any contributions made to your Archer MSA, and any qualified HSA funding distributions.

You can make deductible contributions to your HSA even if your employer made contributions. However, if you (or someone on your behalf) made contributions in addition to any employer contributions and qualified HSA funding distributions, you may have to pay an additional tax. See Excess Contributions You Make, later.

You cannot deduct any contributions for any month in which you were enrolled in Medicare. Also, you cannot deduct contributions if you are someone else’s dependent for 2022.

How To Complete Part I

If both you and your spouse have HSAs, complete lines 1 through 13 as instructed on the form. However, if you, and your spouse if filing jointly, are both eligible individuals and either of you has an HDHP with family coverage, you both are treated as having only the family coverage plan. Disregard any plans with self-only coverage.

Complete a separate Form 8889 for each spouse. Combine the amounts on line 13 of both Forms 8889 and enter this amount on Schedule 1 (Form 1040), line 13. Be sure to attach both Forms 8889 to your paper tax return.

Line 1

If you were covered, or considered covered, by a self-only HDHP and a family HDHP at different times during the year, check the box for the plan that was in effect for a longer period. If you were covered by both a self-only HDHP and a family HDHP at the same time, you are treated as having family coverage during that period. If, on the first day of the last month of your tax year (December 1 for most taxpayers),
you had family coverage, check the “family” box.

**Line 2**
Include on line 2 only those amounts you, or others on your behalf, contributed to your HSA for 2022. Also, include amounts contributed for 2022 made in 2023 by the unextended deadline for filing your 2022 federal income tax return. Normally, that’s the April 15 after the close of the tax year. However, for the 2022 income tax return, you may file Form 1040 or 1040-SR by April 18, 2023. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia—even if you don’t live in the District of Columbia. If you were serving in, or in support of, the U.S. Armed Forces in a designated combat zone or contingency operation, you may be able to file later. See Pub. 3 for details. Thus, you may contribute to your 2022 HSA through April 18, 2023, or a later date if you served in a designated combat zone or contingency operation.

Do not include employer contributions (see line 9) or amounts rolled over from another HSA or Archer MSA. See *Rollovers*, earlier. Also, do not include any qualified HSA funding distributions (see line 10). Payroll contributions through a salary reduction agreement elected by an employee (a cafeteria plan) are treated as employer contributions and are not included on line 2.

**Line 3**
When figuring the amount to enter on line 3, apply the following rules.

1. Use the family coverage amount if you or your spouse had an HDHP with family coverage. Disregard any plan with self-only coverage.

2. If the last-month rule (see *Last-month rule*, earlier) applies, 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 of your tax year.

3. If you were, or were considered, an eligible individual for the entire year and you did not change your type of coverage, enter $3,650 for a self-only HDHP or $7,300 for a family HDHP on line 3. (See (6) in this list.)

4. If you were, or were considered, an eligible individual for the entire year and you changed your type of coverage during the year, enter on line 3 (see (6) in this list) the greater of:

   a. The limitation shown on the last line of the *Line 3 Limitation Chart and Worksheet* (in these instructions), or

   b. The maximum amount that can be contributed based on the type of HDHP coverage you had on the first day of the last month of your tax year.

   **TIP**
   *If you had family coverage on the first day of the last month, you do not need to use the worksheet; enter $7,300 on line 3.*

5. If you were not an eligible individual on the first day of the last month of your tax year, use the *Line 3 Limitation Chart and Worksheet* (in these instructions) to determine the amount to enter on line 3. (See (6) in this list.)

6. If, at the end of 2022, you were age 55 or older and unmarried or married with self-only HDHP coverage for the entire year, you can increase the amount determined in (3) or (4) by $1,000 (the additional contribution amount). The $1,000 additional contribution amount is not allocable among spouses, unlike the $7,300 family contribution discussed below. For the *Line 3 Limitation Chart and Worksheet*, the additional contribution amount is included for each month you are an eligible individual.

**Note.** If you are married and had family coverage at any time during the year, the additional contribution amount is figured on line 7 and is not included on line 3.

See Pub. 969 for more information.

**TIP**
*If you must complete the Line 3 Limitation Chart and Worksheet* (in these instructions), and your eligibility and coverage did not change from one month to the next, enter the same number you entered for the previous month.

**Line 6**
Spouses who have separate HSAs and had family coverage under an HDHP at any time during 2022, use the following rules to figure the amount on line 6.

- If you are treated as having family coverage for each month, divide the amount on line 5 equally between you and your spouse, unless you both agree on a different allocation (such as allocating nothing to one spouse). Enter your allocable share on line 6.

**Example.** In 2022, you are an eligible individual and have self-only HDHP coverage. Neither you nor your spouse qualify for the additional contribution amount. Your spouse has a separate HSA and is an eligible individual from April 1 to December 31, 2022. Because you and your spouse are considered to have family coverage on December 1, your contribution limit is $7,300 (the family coverage maximum). You and your spouse can divide this amount in any allocation to which you agree (such as allocating nothing to one spouse).

- If you are not treated as having family coverage for each month, use the following steps to determine the amount to enter on line 6.

  **Step 1.** Refigure the contribution limit that would have been entered on line 5 if you had entered on line 3 the total of the worksheet amounts only for the months you were treated as having family coverage. When refiguring line 5, use the same amount you previously entered on line 4.

  **Step 2.** Divide the refigured contribution limit from *Step 1* equally between you and your spouse, unless you both agree on a different allocation (such as allocating nothing to one spouse).

  **Step 3.** Subtract the part of the contribution limit allocated to your spouse in *Step 2* from the amount determined in *Step 1*. Enter the total on line 6.

  **Step 4.** Determine any other contribution limits that apply for the tax year and add that amount to the result in *Step 3*. Enter the total on line 6.

**Example.** In 2022, you are an eligible individual and have family HDHP coverage. In March, you divorce and change your coverage as of April 1 to self-only. Neither you nor your ex-spouse qualify for the additional contribution amount. Your ex-spouse continued to have family HDHP coverage and was an eligible individual for the entire year. The contribution limit for the 3 months you both were considered to have family coverage is $1,825 ($7,300 × 3 ÷ 12). You and your ex-spouse decide to divide the family coverage contribution in the following manner: 75% to your ex-spouse and 25% to you. Your contribution limit for 9 months of self-only coverage is $2,737.50 ($3,650 × 9 ÷ 12). This amount is not divided between you and your spouse.

Because you are covered under a self-only policy on December 1, you will show $3,650 on line 6 (the greater of either (a) $3,193.75 ($1,825 family coverage contribution in the following months) or (b) the amount you previously entered on line 4).
coverage + $2,737.50 self-only coverage – $1,368.75 spousal allocation) or (b) the maximum amount that can be contributed ($3,650 for self-only coverage). Your ex-spouse would show $7,300 on line 6 (the greater of either (a) $6,843.75 ($1,825 family coverage for the 3 months prior to the divorce + $5,475 family coverage maintained after the divorce – $456.25 spousal allocation) or (b) the maximum amount that can be contributed ($7,300 for family coverage)).

**Line 7**

**Additional Contribution Amount**

If, at the end of 2022, you were age 55 or older and married, use the Additional Contribution Amount Worksheet (in these instructions) if both of the following apply.

1. You or your spouse had family coverage under an HDHP and were, or were considered to be, an eligible individual on the first day of the month.
2. You were not enrolled in Medicare for the month.

Enter the result on line 7.

**TIP** If items (1) and (2) apply to all months during 2022, enter $1,000 on line 7.

**Additional Contribution Amount Worksheet**

1. $1,000 x number of months eligible .
2. Divide line 1 by 12. Enter here and on line 7 .

**Example.** At the end of 2022, you were age 55 and married. You had family coverage under an HDHP from January 1 through June 30, 2022 (6 months). You were not enrolled in Medicare in 2022. You would enter an additional contribution amount of $500 on line 7 ($1,000 x 6 ÷ 12).

**Line 9**

**Employer Contributions**

Employer contributions (including employee payroll contributions through a cafeteria plan) include any amount an employer contributes to any HSA for you for 2022. Also, include contributions made by a health insurance plan on an employer’s behalf. These contributions should be shown in box 12 of Form W-2 with code W. If either of the following apply, complete the Employer Contribution Worksheet.

Instructions for Form 8889 (2022)

**Line 10**

**Qualified HSA funding distribution.** A distribution from your traditional IRA or Roth IRA to your HSA in a direct trustee-to-trustee transfer is called an HSA funding distribution. Note that these funds are not being distributed from your HSA, but rather are being distributed from your IRA and contributed to your HSA. Enter this amount on line 10.

The qualified HSA funding distribution is not included in your income, is not deductible, and reduces the amount that can be contributed to your HSA by you and from other

**Line 3 Limitation Chart and Worksheet**

**Start Here**

Were you enrolled in Medicare for the month? Yes

No

Were you an eligible individual (see Eligible Individual, earlier) on the first day of the month? Enter -0- on the line below for the month.

Yes

What type of coverage did your HDHP provide on the first day of the month?

- **Self-only coverage**
  - Enter $3,650 on the line below for the month. If you were age 55 or older at the end of 2022, enter $4,650 for the month.

- **Family coverage**
  - Enter $7,300 on the line below for the month. If, at the end of 2022, you were unmarried and age 55 or older, enter $8,300 for the month.

**Month in 2022**

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount from chart above</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td></td>
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<tr>
<td>March</td>
<td></td>
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<td>April</td>
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<tr>
<td>October</td>
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<tr>
<td>November</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td></td>
</tr>
<tr>
<td><strong>Total for all months</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

**Limitation.** Divide the total by 12.

Enter here and on line 3 $
Employer Contribution Worksheet

1. Enter the employer contributions reported in box 12 of Form W-2, with code W ........................................ 1. __________
2. Enter employer contributions made in 2022 for tax year 2021 .................................................. 2. __________
3. Subtract line 2 from line 1 .................................................. 3. __________
4. Enter employer contributions made in 2023 for tax year 2022 .................................................. 4. __________
5. Employer contributions for 2022. Add lines 3 and 4. Enter here and on Form 8889, line 9 .................................................. 5. __________

Note. If you timely filed your return without withdrawing the excess contributions, you can still make the withdrawal no later than 6 months after the due date of your tax return, excluding extensions. If you do, file an amended return with “Filed pursuant to section 301.9100-2” written at the top. Include an explanation of the withdrawal. Make all necessary changes on the amended return (for example, if you reported the contributions as excess contributions on your original return, include an amended Form 5329 reflecting that the withdrawn contributions are no longer treated as having been contributed).

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 contributions you can deduct in 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.

Any excess contribution remaining at the end of the tax year is subject to the additional tax. See Form 5329.

Part II—HSA Distributions

Line 14a

Enter the total distributions you received in 2022 from all HSAs. Your total distributions include amounts paid with a debit card that restricts payments to health care and amounts withdrawn by other individuals that you have
designated. These amounts should be shown in box 1 of Form 1099-SA.

**Line 14b**
Include on line 14b any distributions you received in 2022 that qualified as a rollover contribution to another HSA. See **Rollovers**, earlier. Also include any excess contributions (and the earnings on those excess contributions) included on line 14a that were withdrawn by the due date, including extensions, of your return. See the instructions for line 13, earlier.

**Line 15**

> Only include on line 15 distributions from your HSA that were used to pay you for qualified medical expenses (see **Qualified Medical Expenses**, earlier) not reimbursed by insurance or other coverage and that you incurred after the HSA was established. Do not include the distribution of an excess contribution taken out after the due date, including extensions, of your return even if used for qualified medical expenses.

In general, include on line 15 distributions from all HSAs in 2022 that were used for the qualified medical expenses (see **Qualified Medical Expenses**, earlier) of:

1. You and your spouse.
2. All your dependents.
3. Any person who would be a dependent except that:
   a. The person filed a joint return.
   b. The person had gross income.
   c. You, or your spouse if filing jointly, are dependents of someone else.

**TIP**
For this purpose, a child of parents who 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 claim to the child as his or her dependent.

**CAUTION**
You cannot take a deduction on Schedule A (Form 1040) for any amount you include on line 15.

**Lines 17a and 17b**
**Additional 20% Tax**

HSA distributions included in income (line 16) are subject to an additional 20% tax unless one of the following exceptions applies.

**Exceptions to the Additional 20% Tax**

The additional 20% tax does not apply to distributions made after the account beneficiary:

- Dies,
- Becomes disabled (see **Disabled**, earlier), or
- Turns age 65.

If any of the exceptions apply to any of the distributions included on line 15, check the box on line 17a. Enter on line 17b only 20% (0.20) of any amount included on line 16 that does not meet any of the exceptions.

**Example 1.** You turned age 63 in 2022 and received a distribution from an HSA that is included in income. Do not check the box on line 17a because you (the account beneficiary) did not meet the age exception for the distribution. Enter 20% of the amount from line 16 on line 17b.

**Example 2.** You turned age 65 in 2022. You received distributions that are included in income both before and after you turned age 65. Check the box on line 17a because the additional 20% tax does not apply to the distributions made after the date you turned age 65. However, the additional 20% tax does apply to the distributions made on or before the date you turned age 65. Enter on line 17b, 20% of the amount of these distributions included on line 16.

**Note.** There may be very limited and unusual circumstances in which you may be able to return mistaken distributions such that the amount will not be subject to the additional tax. For more information, see Notice 2004-50, Q/A 37 and 76, at IRS.gov/IRB/2004-33_IRB#NOT-2004-50.

**Part III—Income and Additional Tax for Failure To Maintain HDHP Coverage**

Use Part III to figure any additional income and adjustments to income that must be reported on Schedule 1 (Form 1040) and additional taxes that must be reported on Schedule 2 (Form 1040) for failure to be an eligible individual during the testing period for:

- Last-month rule (see **Last-month rule**, earlier), or
- A qualified HSA funding distribution (see the **Instructions for line 10**, earlier).

See the discussion, earlier, on determining the testing period for both the last-month rule and a qualified HSA funding distribution. Include the amount in income in the year in which you fail to be an eligible individual.

**Line 18**
You can use the **Line 3 Limitation Chart and Worksheet** (in these instructions) for the year the contribution was made to determine the contribution you could have made if the last-month rule did not apply. Enter on line 18 the excess of the amount contributed over the redetermined amount. Examples of this computation are in Pub. 969.

**Line 19**
Enter the total of any qualified HSA funding distribution (see line 10).