



PIECES OF THE PUZZLE

May 2018

IRS Provides HSA Relief for 2018

Thanks to the Tax Cuts and Jobs Act (TCJA), inflation-adjusted amounts are now indexed using the Chained Consumer Price Index for All Urban Consumers (C-CPI-U). Because of this, the maximum deductible Health Savings Account (HSA) contribution for taxpayers with family coverage under a High Deductible Health Plan (HDHP) was reduced from \$6,900 to \$6,850. In a recent Revenue Procedure, the IRS announced that for 2018 taxpayers may treat \$6,900 as the annual limitation on deductions under IRC Sec. 223(b)(2)(B) for an individual with family coverage under an HDHP. In addition, the Revenue Procedure instructs taxpayers how to treat a prior distribution based on the \$6,850 deduction limit as a mistake and repay the HSA without any tax or reporting consequences. It also clarifies how to treat a distribution of an excess contribution (and earnings) based on the \$6,850 deduction limit.

If you have any questions, please feel free to contact us.

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