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2020

03/26/2020

[Extension of Tax Return Filing Due Date Allows More Time to Make 2019 HSA Contributions and Take Some Retirement Plan Actions \(03/26/2020\)](#)

Extension of Tax Return Filing Due Date Allows More Time to Make 2019 HSA Contributions and Take Some Retirement Plan Actions

Topic(s): Consumer-Driven Health Care; 401(k) Plans

IRS Webpage: Filing and Payment Deadlines Questions and Answers (Mar. 24, 2020)

Available at <https://www.irs.gov/newsroom/filing-and-payment-deadlines-questions-and-answers>

In [IRS Notice 2020-18](#) , the IRS postponed the April 15, 2020 due date for filing federal income tax returns and making federal income tax payments to July 15, 2020, in response to the ongoing COVID-19 emergency. The IRS has now issued FAQ guidance regarding the relief provided in [Notice 2020-18](#) .

- *HSA*s. One of the FAQs explains that the extended tax return filing deadline gives taxpayers more time to make HSA contributions for 2019. The FAQ notes that HSA contributions for a particular year may be made at any time during that year or by the tax return filing due date for that year. Because the due date for filing federal income tax returns for 2019 is now July 15, 2020, HSA contributions for 2019 can be made at any time up to July 15, 2020. The same is true for 2019 Archer MSA contributions.
- *Retirement Plans*. Several of the FAQs address retirement plan timing issues. One explains that the due

date for paying the 10% penalty for early distributions taken in 2019 is delayed to July 15, 2020, because that penalty is reported and paid at the same time as the tax on the distributed amount. Another FAQ clarifies that the April 15, 2020 deadline for correcting 2019 excess deferrals (and avoiding double taxation) is not extended by the filing relief. Finally, if an employer's grace period for making retroactive contributions to a qualified plan (e.g., profit sharing contributions to a 401(k) plan) would otherwise end April 15, 2020, the grace period for that contribution is extended to July 15, 2020.

EBIA Comment: Those who work with HSA arrangements or retirement plans will appreciate the IRS's prompt clarification of these issues, as will HSA account holders. Note that if employer HSA contributions are made for a prior year, the employer will need to notify the HSA trustee or custodian and inform the employee of that designation. Such contributions are reported in box 12 with code W on the employee's Form W-2 for the year in which the contributions are actually made. While the deadline extension applies only to federal tax returns, and not to information returns, retirement plan administrators will also be interested in the change in the deadline for correcting excess deferrals as that can affect the characterization of amounts reported on Form 1099-R. For more information, see EBIA's Consumer-Driven Health Care manual at Section [XII.M](#) ("When Must HSA Contributions Be Made?"). See also EBIA's 401(k) Plans manual at Sections [VIII.M](#) ("Correcting Excess Deferrals"), [X.F.4](#) ("For What Taxable Year Are Contributions Deemed Made?"), and [XIV.K](#) ("Distributions: Rollovers and Taxation: 10% Additional Tax on Early Distributions").

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