



IRS Individual Tax Deadline Postponement Includes HSAs and Certain Other Accounts

Overview

The following general summary is intended to educate employers and plan sponsors on the potential effects of recent government guidance on employee benefit plans. This summary is not and should not be construed as legal or tax advice. The government's guidance is complex and very fact specific. As always, we strongly encourage employers and plan sponsors to consult competent legal or benefits counsel for all guidance on how the actions apply in their circumstances.

Recently, Internal Revenue Service (IRS) – in continued response to the ongoing Coronavirus 2019 (“COVID-19”) pandemic - extended the due date for filing 2020 federal income tax returns.¹ On March 29, 2021, the IRS released Notice 2021-21² which clarified that in addition to the extended due date for 2020 federal tax returns, the deadlines for 2020 contributions to certain employee benefit plans and tax-favored arrangements, including Health Savings Accounts (HSAs), is automatically extended to the same date.

Background

On March 13, 2020, President Donald Trump declared a national emergency in response to the ongoing COVID-19 pandemic. This declaration, issued under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, directed the Secretary of the Treasury to provide tax deadline relief for those “adversely affected by the COVID-19 emergency.”

Notice 2021-21

In this publication, the IRS clarified that – along with the individual tax filing and payment deadline extension to May 17, 2021 – the postponement also applies to 2020 HSAs, individual retirement arrangements (IRAs and Roth IRAs), Archer Medical Savings Accounts (Archer MSAs), and Coverdell Education Savings Accounts (Coverdell ESAs).

Notice 2021-21 defines – for purposes of this relief – an “Affected Taxpayer” as any person with a federal income tax return filed on or an income tax payment reported on a Form 1040 series that – absent the extension provided for in Notice 2021-21 – would have been otherwise due on April 15, 2021 and is “affected by the COVID-19 emergency” for purposes of the relief. An Affected Taxpayer also includes:

...persons required to file and furnish Form 5498, IRA Contribution Information, Form 5498-ESA, Coverdell ESA Contribution Information, and Form 5498-SA,

¹ <https://www.irs.gov/newsroom/tax-day-for-individuals-extended-to-may-17-treasury-irs-extend-filing-and-payment-deadline>

² <https://www.irs.gov/pub/irs-drop/n-21-21.pdf>



HSA, Archer MSA, or Medicare Advantage MSA Information (Form 5498 series)
that absent this notice would generally be due June 1, 2021...

For these Affected Taxpayers, since their deadlines to file Form 1040 series has been postponed to May 17, 2021, their 2020 contribution deadlines for various accounts (again, including HSAs, and IRAs) are also extended to May 17, 2021. Commensurate to this extension, the deadline for HSA administrators to issue Forms 5948-SA is extended to June 30, 2021.

Conclusion

The continued response to the ongoing economic and health impacts of the COVID-19 pandemic is welcome in providing additional flexibility to impacted plan participants, beneficiaries, and taxpayers. We will continue to monitor these developments and remain abreast of future relief efforts for the current year and possibly through 2021. As noted above, the government's guidance is complex and fact-specific, and we encourage employers and plan sponsors to consult their legal or benefits advisors for all guidance on how the guidance applies in their circumstances.