



# Instructions for Forms 1099-QA and 5498-QA

## Distributions from ABLE Accounts and ABLE Account Contribution Information

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

### Future Developments

For the latest information about developments related to Forms 1099-QA and 5498-QA and their instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099qa](http://www.irs.gov/form1099qa) or [www.irs.gov/form5498qa](http://www.irs.gov/form5498qa).

### What's New

**New Forms 1099-QA and 5498-QA and Instructions for Forms 1099-QA and 5498-QA.** P.L. 113-295, the Stephen Beck Jr., Achieving a Better Life Experience (ABLE) Act of 2014, allows individuals and families to save for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life by establishing an ABLE savings account. Form 1099-QA, Distributions from ABLE Accounts, and Form 5498-QA, ABLE Account Contribution Information, and these separate instructions will provide issuers the necessary information for completing, furnishing, and filing the forms for the ABLE account.

### Reminder

In addition, you should also use the 2015 General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file (nominee/middleman).
- When and where to file.
- Electronic reporting requirements.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers.
- Backup withholding.
- Penalties.
- Other general topics.

You can get the general instructions at [www.irs.gov/form1099qa](http://www.irs.gov/form1099qa) or [www.irs.gov/form5498qa](http://www.irs.gov/form5498qa).

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### Qualified ABLE Program

A qualified ABLE program is a program established and maintained by a State, or a State agency, or instrumentality:

- Under which a person may make contributions for a tax year, for the benefit of an individual who is eligible for the tax year, to an ABLE account that is established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account;
- Which limits a designated beneficiary to one ABLE account;

- Which allows for the establishment of an ABLE account only for a designated beneficiary who is a resident of the state or of a contracting state; and
- That meets the other requirements of section 529A.

**Cash contributions.** A program is not treated as a qualified ABLE program unless it provides that no contribution will be accepted:

- unless it is in cash; or
- except in the case of a rollover or program-to-program transfer, if such contribution would result in contributions from all contributors to the ABLE account for the tax year exceeding \$14,000 for the calendar year in which the tax year begins (an "excess contribution").

**Separate accounting.** A qualified ABLE program must provide separate accounting for each designated beneficiary.

**Limited investment.** A qualified ABLE program provides a designated beneficiary may directly or indirectly direct the investment of any contributions to the program (or any earnings on it) no more than 2 times in any calendar year.

**Pledging of interest as security.** A program is not treated as a qualified ABLE program if it allows any interest in the program or any portion of it to be used as security for a loan.

**Excess aggregate contributions.** A qualified ABLE program must provide adequate safeguards to prevent aggregate contributions on behalf of a designated beneficiary in excess of the limit established by the State under the State's qualified tuition program. Aggregate contributions include contributions under any prior qualified ABLE program of any State or agency or instrumentality.

**Return of excess contributions and excess aggregate contributions.** A qualified ABLE program must return an excess contribution or excess aggregate contribution (including all net income attributable to that excess contribution or excess aggregate contribution) to the person who made the contribution on or before the due date (including extensions) for the Federal income tax return of the designated beneficiary for the tax year in which the excess contribution or excess aggregate contribution was made.

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### Specific Instructions for Form 1099-QA

#### Who Must File

Any State or its agency or instrumentality that establishes and maintains a qualified ABLE program must file a Form 1099-QA, Distributions from ABLE Accounts, with the IRS

on or before May 31, 2016, for each ABLÉ account from which any distribution was made or which was terminated during 2015. The filing may be done by either an officer or employee of the State or its agency or instrumentality having control of the qualified ABLÉ program, or the officer's or employee's designee.

### Statements to Recipients

If you are required to file Form 1099-QA, you also must furnish a statement to the to the designated beneficiary of the ABLÉ account and to each contributor who received a returned contribution attributable to the calendar year. Furnish a copy of Form 1099-QA or an acceptable substitute statement to each recipient. See part M in the 2015 General Instructions for Certain Information Returns.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's identification number may not be truncated on any form. See part J in the 2015 General Instructions for Certain Information Returns.

### Payer's Name and Federal Identification Number

For the payer's name and federal identification number, enter the name, address, and taxpayer identification number (TIN). For a program established and maintained by a state that uses the EIN of the state, enter the name of the state on the first name line and the name of the program on the second name line.

### Recipient's Name and Social Security Number (SSN)

List the designated beneficiary as the recipient unless you are reporting a returned excess contribution to the contributor. In that case, list the contributor as the recipient. Enter the SSN of the applicable recipient.

### Account Number

The IRS encourages you to designate an account number for all Forms 1099-QA that you file. See part L in the 2015 General Instructions for Certain Information Returns.

### Box 1. Gross Distribution

Enter the gross distribution from the ABLÉ account. For this purpose, all amounts distributed from an ABLÉ account to or for the benefit of the designated beneficiary during his or her tax year are treated as one distribution. Any excess contributions (along with any net attributable income) that are being returned should be reported here.

Any change in the designated beneficiary of an interest in a qualified ABLÉ program during a tax year shall not be treated as a distribution if the new beneficiary is an eligible individual for such tax year and a member of the family of the former beneficiary.

A program-to-program transfer shall not be treated as a distribution. A program-to-program transfer is the direct

transfer of the entire balance of an ABLÉ account into an ABLÉ account of the same designated beneficiary, or of part or all of the balance to an ABLÉ account of another eligible individual who is a member of the family of the former designated beneficiary.

### Box 2. Earnings

Enter the earnings portion on the distribution reported in box 1. The earnings portion of the distribution is equal to the product of the amount of the distributions and the earnings ratio. The earnings ratio means the amount of earnings attributable to the account as of the last day of the calendar year in which the designated beneficiary's taxable year begins, divided by the total account balance on that same date, after taking into account all distributions made during that calendar year and all contributions received during that same year (other than those contributions returned to the contributor).

### Box 3. Basis

Enter portion of the distribution that constitutes the return of investment in the account. This amount is computed by subtracting the amount in box 2 from the amount in box 1. The amount of the gross distribution minus the earnings portion of that distribution is the portion of the distribution that constitutes the return of investment in the account.

### Box 4. Program-to-Program Transfer Checkbox

Check this box if the transfer was made directly (program-to-program transfer) of the entire balance of an ABLÉ account for the same designated beneficiary in which the transferor ABLÉ account is closed upon the completion of the transfer, or of part or all of the balance of an ABLÉ account of another eligible individual who is a member of the family of the former designated individual, without any intervening distribution to the designated beneficiary.

### Box 5.

Check the box if the ABLÉ account terminated in 2015.

### Box 6. Designated Beneficiary Checkbox

Check the box if the form is being furnished to a contributor and not the designated beneficiary of the qualified ABLÉ program. The term designated beneficiary in connection with an ABLÉ account established under a qualified ABLÉ program means the eligible individual who established an ABLÉ account and is the owner of such account.

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## Specific Instructions for Form 5498-QA

### Who Must File

Any State or its agency or instrumentality that establishes and maintains a qualified ABLÉ program must file, for each ABLÉ account, a Form 5498-QA, ABLÉ Account Contribution Information, with the IRS on or before May 31, 2016. The filing may be done by either an officer or employee of the State or its agency or instrumentality having control of the qualified ABLÉ program, or the officer's or employee's designee.

## Statements to Recipients

If you are required to file Form 5498-QA, with the IRS, you also must furnish a statement to the designated beneficiary by March 15, 2016. Furnish a copy of Form 5498-QA or an acceptable substitute statement to each recipient. See part M in the 2015 General Instructions for Certain Information Returns.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's identification number may not be truncated on any form. See part J in the 2015 General Instructions for Certain Information Returns.

## Account Number

The IRS encourages you to designate an account number for all Forms 5498-QA that you file. See part L in the 2015 General Instructions for Certain Information Returns.

## Box 1. ABLÉ Contributions

Enter the total amount of contributions made to the ABLÉ account in 2015, net of any excess contributions returned to the contributor. If no contributions were made in 2015, enter zero in this box.

## Box 2. Rollover Contributions

Enter any rollover contributions to the ABLÉ account in 2015. A rollover contribution is a contribution to an ABLÉ account of a designated beneficiary (or of an eligible individual who is a member of the family of the designated beneficiary) of all or a portion of an amount withdrawn from the designated beneficiary's ABLÉ account, provided the contribution is made within 60 days of the date of the withdrawal and, in the case of a rollover to the designated beneficiary's ABLÉ account, no rollover has been made to an ABLÉ account of the designated beneficiary within the prior 12 months.

## Box 3. Cumulative Contributions

Enter the cumulative contributions for the ABLÉ account.

## Box 4. Fair Market Value

Enter the FMV of the account as of December 31, 2015.

## Box 5.

Check the box if the ABLÉ account was opened in 2015.

## Box 6. Basis of Eligibility



*You must enter one code letter in box 6.*

Report the basis of the designated beneficiary's eligibility using the codes below.

- Code A—eligibility established under IRC 529A(e)(1)(A), SSDI, Title II SSA.
- Code B—eligibility established under IRC 529A(e)(1)(A), SSI, Title XVI SSA.
- Code C—Designated beneficiary is the subject of a disability certification filed with the IRS for 2015.

## Box 7.



*The following information will only be used for aggregate reporting purposes as required by law.*

Report only one primary code number for the type of disability for which the designated beneficiary is receiving ABLÉ qualifying benefits. If more than one code applies, select the most significant code.

- Code 1—Developmental Disorders: Autistic Spectrum Disorder, Asperger's Disorder, Developmental Delays and Learning Disabilities
- Code 2—Intellectual Disability: May be reported as mild, moderate, or severe intellectual disability
- Code 3—Psychiatric Disorders: Schizophrenia; Major depressive disorder; Post-traumatic stress disorder (PTSD); Anorexia nervosa; Attention deficit/hyperactivity disorder (AD/HD); Bipolar disorder
- Code 4—Nervous Disorders: Blindness, Deafness, Cerebral Palsy, Muscular Dystrophy, Spina Bifida Juvenile-onset Huntington's disease; Multiple sclerosis; Severe sensorineural hearing loss; Congenital cataracts
- Code 5—Congenital Anomalies: Chromosomal abnormalities, including Down Syndrome, Osteogenesis imperfecta; Xeroderma pigmentosum; Spinal muscular atrophy; Fragile X syndrome; Edwards syndrome
- Code 6—Respiratory Disorders: Cystic Fibrosis
- Code 7—Other: Includes Tetralogy of Fallot; Hypoplastic left heart syndrome; End-stage liver disease; Juvenile-onset rheumatoid arthritis; Sickle cell disease; Hemophilia; and any other disability not listed under Codes 1-6