

Supporting Statement
(Form 5498-SA)

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 220(h) requires trustees to report to the IRS and medical savings accountholders contributions to and the year-end fair market value of any contributions made to a medical savings account (MSA). Congress requires Treasury to report to them the total contributions made to an MSA for the current tax year.

Section 1201 of the Medicare prescription Drug, Improvement, and Modernization Act of 2003(P.L.108-173) created new Code section 223.Section 223(h) requires the reporting of contributions to and the year-end fair market value of health savings accounts for tax years beginning after December 31, 2003.

2. USE OF DATA

The data will be matched by the IRS with the information reported on Forms 1099-SA to determine if distributions were timely rolled over to another MSA or subject to a penalty. Congress will use the data to determine the loss of tax revenue.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing is currently available for Form 5498-SA.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

Not applicable.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

Not applicable.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

Not applicable.

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Periodic meetings are held between IRS personnel and representatives of the American Bar Association, the National Society of Public Accountants, the American Institute of Certified Public Accountants, and other professional groups to discuss tax law and tax forms. During these meetings, there is an opportunity for those attending to make comments regarding Form 5498-SA.

In response to the **Federal Register Notice** (73 FR 34361), dated **June 17, 2008**, we received no comments during the comment period regarding Form 5498-SA.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

Not applicable.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

Not applicable.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form	Number of Responses	Time per Response	Total Hours
5498-SA			

41,10
5

.17

6,988

Estimates of annualized cost to respondents for the hour burdens shown above are not available at this time.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

As suggested by OMB, our **Federal Register Notice** dated **June 17, 2008**, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any responses from taxpayers on this subject. As a result, estimates of these cost burdens are not available at this time.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost to print this form. We estimate this cost to be \$5,450.

15. REASONS FOR CHANGE IN BURDEN

There is no change to the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

Not applicable.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

See attachment.

18. EXCEPTION TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I

Not applicable.

Note: Response to Terms of Clearance in OMB's Notice of action Dated 5/5/97

Continued use of Form 5498-SA is needed to implement Code section 220(h), which requires trustees to report to the IRS and medical savings account holders the fair market value of any contributions made to a medical savings account. Form 5498-SA is also needed to implement Code section 223(h), which requires trustees to report to the IRS and to account beneficiaries contributions to and the fair market value of health savings accounts. Congress requires Treasury to report to them the total contributions made to an MSA for the current tax year. Form 5498-SA is needed because Code sections 220(h and 223(h) are still in effect.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.