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2015



Department of the Treasury  
Internal Revenue Service

# Instructions for Forms 1099-QA and 5498-QA

## Distributions from ABLE Accounts and ABLE Account Contribution Information

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, 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 achieving a better life experience (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) or by calling 1-800-TAX-FORM (1-800-829-3676).

### Qualified ABLE Program

A qualified ABLE program is a program established and maintained by a state, or agency, or instrumentality;

- Under which a person may make contributions for a taxable year, for the benefit of a individual who is eligible for the taxable year, for the ABLE account that is established for the purpose of meeting the qualified expenses of the designated beneficiary of the account;
- Which limits a designated beneficiary to 1 ABLE account and 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 contributions under section 529A (c) (1)(C), if such contribution would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding \$14,000 for the calendar year in which the taxable year begins.

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

**Limited investment.** A qualified ABLE program allows a designated beneficiary to directly or indirectly direct the investment of any contributions to the program (or any earnings thereon) 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 thereof to be used as security for a loan.

**Excess 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 section 529(b)(6). Aggregate contributions include contributions under any prior qualified ABLE program of any State or agency or instrumentality thereof.

## Specific Instructions for Form 1099-QA

File Form 1099-QA Distributions from ABLE Accounts, if you (a) are an officer or an employee, or the designee of an officer or employee, having control of a qualified ABLE account and (b) made a distribution from the qualified ABLE account.

### Statements to Recipients

If you are required to file Form 1099-QA, you also must furnish a statement to the recipient. 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 sections 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/ trustee's identification number may not be truncated on any form. See part J in the 2015 General Instructions for Certain Information Returns.

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### **Payer's Name and Federal Identification Number**

For the payer's/trustee's name and federal identification number, enter the name and employer identification number (EIN) of the ABLE account. 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 if the distribution is made directly to the designated beneficiary. Otherwise, list the account owner as the recipient of the distribution. Enter the SSN for the applicable recipient.

### **Account Number**

The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-QA. Additionally, 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 distributions from an ABLE account established by an eligible individual, owned by such eligible individual, and maintained under a qualified ABLE program. All distributions during a taxable year shall be treated as one distribution. The value of the contract, income on the contract, and investment in the contract shall be computed as of the close of the calendar year in which the taxable year begins.

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

### **Box 2. Earnings**

Enter the earnings on the distributions reported in box 1 .

### **Box 3. Basis**

Enter the basis of the gross distribution reported in box 1.

### **Box 4. Trustee-to-Trustee Transfer Checkbox**

Check this box if the distribution was made directly (trustee-to-trustee transfer) from one ABLE account to the extent that the amount received is paid, not later than the 60th day after the date of such payment or distribution, into another ABLE account for the benefit of the same beneficiary or an eligible individual who is a family member of the designated beneficiary.

### **Box 6. Designated Beneficiary Checkbox**

Check the box if the recipient is not the designated beneficiary under a qualified ABLE program. The term designated beneficiary in connection with an ABLE account established under a qualified ABLE program means the eligible individual who established an ABLE account and is the owner of such account.

## **Specific Instructions for Form 5498-QA**

File Form 5498-QA, ABLE Account Contribution Information with the IRS by May 31, 2016, for each person you maintained an ABLE account during 2015.

### **Statements to Recipients**

If you are required to file Form 5498-QA you also must furnish a statement to the recipient 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 sections 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/ trustee'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 account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 5498-QA. Additionally, 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. ABLE Contributions**

Enter the contributions to the ABLE account in 2015.

### **Box 2. Rollover Contributions**

Enter any rollover contributions to the ABLE account received by you in 2015.

### **Box 3. Cumulative Contributions**

Enter the cumulative contributions for the ABLE account.