

It is highly recommended that employees seek the assistance from a tax advisor regarding questions related to H.S.A. eligibility. The answer provided below is the County's understanding of the answer to this question and in no way should be construed as legal advice.

Question: What is considered an eligible Dependent in order to use HSA money to reimburse medical expenses for this Dependent?

- A. Dependent is an income tax dependent of the employee
- B. Must have a specified relationship to the employee
- C. Must have the same principal residence as the employee for more than ½ of the taxable year
- D. Can't be claimed as a dependent on another parent's tax return
- E. US resident with valid SSN
- F. Under age 19 or under age 24 if full time student and is an income tax dependent of the employee
- G. Dependent must not provide more than half own support for the taxable year.

The income tax dependent status is an IRS determination and one that is best made by a tax advisor based upon the employee's specific circumstances. For that reason, it really is not something an employer or third party like Employee Benefits Corporation can determine for each of the employees.

The HSA is an individually owned account and it is up to the employee to sift through all of this information to maintain the tax free status of the account. Therefore, it is advised that the employee seek assistance from a tax advisor.

The bullet points provided above seem to be consistent with what is outlined in the IRS Form 1040 instructions. Below are the details regarding dependent status in the IRS Form 1040.

For example, Page 17 of the 2017 IRS Form 1040 Instructions provides the following regarding dependent children:
See below:

<https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>

Line 6c—Dependents

Dependents and Qualifying Child for Child Tax Credit

Follow the steps below to find out if a person qualifies as your dependent, qualifies you to take the child tax credit, or both. If you have more than four dependents, check the box to the left of line 6c and include a statement showing the information required in columns (1) through (4).

Step 1 Do You Have a Qualifying Child?

A qualifying child is a child who is your...

Son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew)

AND

was ...

Under age 19 at the end of 2017 and younger than you (or your spouse, if filing jointly)

or

Under age 24 at the end of 2017, a student (defined later), and younger than you (or your spouse, if filing jointly)

or

Any age and permanently and totally disabled (defined later)

AND

Who didn't provide over half of his or her own support for 2017 (see Pub. 501)

AND

Who isn't filing a joint return for 2017 or is filing a joint return for 2017 only to claim a refund of withheld income tax or estimated tax paid (see Pub. 501 for details and examples)

AND

Who lived with you for more than half of 2017. If the child didn't live with you for the required time, see *Exception to time lived with you*, later.





If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing jointly) for 2017, see *Qualifying child of more than one person*, later.

1. Do you have a child who meets the conditions to be your qualifying child?

Yes. Go to Step 2. **No.** Go to Step 4.

Step 2 Is Your Qualifying Child Your Dependent?

1. Was the child a U.S. citizen, U.S. national, U.S. resident alien, or a resident of Canada or Mexico? (See Pub. 519 for the definition of a U.S. national or U.S. resident alien. If the child was adopted, see *Exception to citizen test*, later.)

Yes. Continue  **No.** 

You can't claim this child as a dependent.

2. Was the child married?



Yes. See *Married person*, later. **No.** Continue 

3. Could you, or your spouse if filing jointly, be claimed as a dependent on someone else's 2017 tax return? See Steps 1, 2, and 4.

Yes. You can't claim any dependents. Go to Form 1040, line 7. **No.** You can claim this child as a dependent. Complete Form 1040, line 6c, columns (1) through (3) for this child. Then, go to Step 3.


Step 3 Does Your Qualifying Child Qualify You for the Child Tax Credit?

1. Was the child under age 17 at the end of 2017?

Yes. Continue  **No.** 

This child isn't a qualifying child for the child tax credit.

2. Was the child a U.S. citizen, U.S. national, or U.S. resident alien? (See Pub. 519 for the definition of a U.S. national or U.S. resident alien. If the child was adopted, see *Exception to citizen test*, later.)

Yes. This child is a qualifying child for the child tax credit. Check the box on Form 1040, line 6c, column (4). **No.** 

This child isn't a qualifying child for the child tax credit.