

EY Payroll NewsFlash

Workforce Tax Services

Tax. Benefits. Human Resources. Working together with you.



✉ Contact us for more information

Join us on LinkedIn

Vol.24, 043
May 24, 2023

IRS releases Health Savings Account limits for 2024

In [Revenue Procedure 2023-23](#), the IRS announced the inflation adjustments that will apply to Health Savings Accounts (HSAs) under IRC Section 223 effective for calendar year 2024.

Health savings account limit type	2023	2024
Contribution *		
Self (IRC Section 223(b)(2)(A))	\$3,850	\$4,150
Family (IRC Section 223(b)(2)(B))	\$7,750	\$8,300
Out-of-pocket		
Self (IRC Section 223(c)(2)(A))	\$7,500	\$8,050
Family (IRC Section 223(c)(2)(A))	\$15,000	\$16,100
Deductible (high-deductible health plan)		
Self (IRC Section 223(c)(2)(A))	\$1,500	\$1,600
Family (IRC Section 223(c)(2)(A))	\$3,000	\$3,200

*An additional contribution of \$1,000 is permitted for individuals aged 55 and older. An individual enrolled in Medicare may not contribute to an HSA. For plan years beginning in 2024, the maximum amount that may be made newly available for the plan year for an excepted Health Reimbursement Arrangement (HRA) under Treas. Reg. Section 54.9831-1(c)(3)(viii)(B)(1) is \$2,100.

Form W-2 reporting reminder

Employer contributions and employee pre-tax contributions to an HSA are required to be reported on Form W-2, box 12, Code W. Employer and employee pretax contributions that, when combined, exceed the annual calendar year limit, are required to be treated as taxable wages and reported on Form W-2, boxes 1, 3 (up to the Social

Security limit) and 5 (2023 Form W-2 instructions, [page 11](#)). Additionally, excess contributions to an HSA are subject to an excise tax.

Ernst & Young LLP insights

HRA- and HSA-eligible health plans constitute what are called “consumer-driven” health plans (CDHPs) because they give employees the choice of electing health plan options that best meet their projected out-of-pocket medical expenses. CDHPs also raise payroll challenges because the rules governing each of these medical reimbursement account options (FSA, HRA, HSA and MSA) are unique in terms of their tax treatment and reporting.

How companies name their health plans might not clearly communicate the type of medical reimbursement vehicle that applies, causing time-consuming and potentially costly errors in payroll system configurations.

To avoid year-end reporting complications, now is a good time to review employee elections and how they are being handled in your payroll system.

Contact us for more information

Workforce Tax Services - Employment Tax Advisory Services

Kristie Lowery

kristie.lowery@ey.com

Ken Hausser

Kenneth.hausser@ey.com

Debera Salam

debera.salam@ey.com

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting or tax advice or opinion provided by Ernst & Young LLP to the reader. The reader is also cautioned that this material may not be applicable to, or suitable for, the reader's specific circumstances or needs, and may require consideration of non-tax and other tax factors if any action is to be contemplated. The reader should contact his or her Ernst and Young LLP or other tax professional prior to taking any action based upon this information. Ernst & Young LLP assumes no obligation to inform the reader of any changes in tax laws or other factors that could affect the information contained herein. Copyright 2023. Ernst & Young LLP. All rights reserved. No part of this document may be reproduced, retransmitted, or otherwise redistributed in any form or by any means, electronic or mechanical, including by photocopying, facsimile transmission, recording, rekeying, or using any information storage and retrieval system, without written permission from Ernst & Young LLP.