Caution: *DRAFT—NOT FOR FILING*

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information as a courtesy. **Do not file draft forms.** Also, do not rely on draft instructions and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, unexpected issues sometimes arise, or legislation is passed, necessitating a change to a draft form. In addition, forms generally are subject to OMB approval before they can be officially released. Drafts of instructions and publications usually have at least some changes before being officially released.

Early releases of draft forms and instructions are at IRS.gov/draftforms. Please note that drafts may remain on IRS.gov even after the final release is posted at IRS.gov/downloadforms, and thus may not be removed until there is a new draft for the subsequent revision. All information about all revisions of all forms, instructions, and publications is at IRS.gov/formspubs.

Almost every form and publication also has its own easily accessible information page on IRS.gov. For example, the Form 1040 page is at IRS.gov/form1040; the Form W-2 page is at IRS.gov/w2; the Publication 17 page is at IRS.gov/pub17; the Form W-4 page is at IRS.gov/w4; the Form 8863 page is at IRS.gov/form8863; and the Schedule A (Form 1040) page is at IRS.gov/schedulea. If typing in the links above instead of clicking on them: type the link into the address bar of your browser, not in a Search box; the text after the slash must be lowercase; and your browser may require the link to begin with “www.”. Note that these are shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications on the Comment on Tax Forms and Publications page on IRS.gov. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each one. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

2017

Instructions for Form 5498-ESA

Department of the Treasury
Internal Revenue Service

Coverdell ESA Contribution Information

DRAFT AS OF June 20, 2016

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

Future Developments

For the latest information about developments related to Form 5498-ESA and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/form5498esa*.

Reminder

In addition to these specific instructions, you should also use the 2017 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/uac/about-form-1099* or *www.irs.gov/form5498esa*.

Specific Instructions

File Form 5498-ESA, Coverdell ESA Contribution Information with the IRS for each person for whom you maintained any Coverdell education savings account (ESA) during 2017.

A Coverdell ESA is a trust or custodial account created or organized in the United States exclusively for the purpose of paying the qualified education expenses of an individual who is the designated beneficiary of the trust or custodial account. The account must be designated as a Coverdell ESA at the time it is created or organized in order to be treated as a Coverdell ESA for tax purposes. The governing instrument creating the trust must meet the requirements of section 530(b)(1).

Online fillable form. Due to the very low volume of paper Forms 5498-ESA received and processed by the IRS each year, this form has been converted to an online fillable format. You may fill out the form, found online at *www.irs.gov/form5498esa*, and send Copy B to the recipient. For filing with the IRS, follow the applicable procedures for filing electronically if you are filing 250 or more forms. For Form 5498-ESA only, if you are filing this form on paper, you may send in the black and white Copy A with Form 1096 that you print from the IRS website.

Contributions. You must report contributions, including rollover contributions, to any Coverdell ESA on Form 5498-ESA. See the instructions under box 1 and box 2. If no reportable contributions were made for 2017, no return is required.

For contributions made between January 1, 2017, and April 17, 2018, trustees and issuers should obtain the participant's designation of the year for which the contributions are made.

Rollovers and transfers. Report on Form 5498-ESA all rollovers, including a direct trustee-to-trustee transfer from one Coverdell ESA to another Coverdell ESA. A rollover can be made from certain U.S. Savings Bonds or another Coverdell ESA. The contribution of a military death gratuity to a Coverdell ESA is a rollover contribution. Any amount distributed from a Coverdell ESA may be rolled over to another Coverdell ESA and is not taxable if it is for the benefit of the same beneficiary or a member of the beneficiary's family.

Family member. Family members of the designated beneficiary include the beneficiary's spouse. Also included are the beneficiary's children, stepchildren, foster children, and their descendants; siblings and their children; parents, their siblings, and ancestors; stepparents; in-laws; the spouse of any of the foregoing; and any first cousin of the designated beneficiary.

Total distribution, no contributions. Generally, if a total distribution was made from an account during the year and no contributions (including rollovers) were made for that year, you do not need to file Form 5498-ESA.

Distributions. Report distributions from any Coverdell ESA on Form 1099-Q, Payments From Qualified Education Programs (Under Sections 529 and 530). Any change in the beneficiary of the Coverdell ESA is not treated as a distribution if the new beneficiary is a family member (see above) of the prior beneficiary and has not reached the age of 30 (except for a beneficiary with special needs).

Statements to participants. If you are required to file Form 5498-ESA, you must furnish a statement to the beneficiary (participant) by April 30, 2018.

For more information about the requirement to furnish statements to participants, see part M in the 2017 General Instructions for Certain Information Returns.

Truncating beneficiary's identification number on payee statements. Pursuant to Treasury Regulations 301.6109-4, all filers of this form may truncate a beneficiary'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 trustee or issuer's identification number may not be truncated on any form. See part J in the 2017 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-ESA. Additionally, the IRS encourages you to designate an account number for all Forms 5498-ESA that you file. See part L in the 2017 General Instructions for Certain Information Returns.

Box 1. Contributions (Other Than Amounts in Box 2)

Enter contributions to a Coverdell ESA made from January 1, 2017, through April 17, 2018, designated for 2017.

Do not include rollovers in box 1. Report rollovers in box 2.

Box 2. Rollover Contributions

Enter any rollover contributions (including a military death gratuity and trustee-to-trustee transfer) to this Coverdell ESA received by you during 2017 (see *Rollovers and transfers*, earlier).

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