

**MEMO# 30540**

January 25, 2017

# ICI Submits Letter to IRS Requesting Guidance on Recontributions to 529 Plans

[30540] January 25, 2017 TO: ICI Members SUBJECTS: 529 Plans  
Tax

Transfer Agency RE: ICI Submits Letter to IRS Requesting Guidance on Recontributions to 529 Plans

The Institute submitted the attached letter to the Internal Revenue Service (IRS) requesting guidance on the administration of recontributed amounts, an enhancement to 529 plans enacted in 2015 as part of the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act). The PATH Act added a new subsection to allow a beneficiary who receives a refund of tuition (for example, after being forced to withdraw from school due to an illness) to recontribute an amount that had been withdrawn from a 529 plan, up to the refunded amount. The recontribution would allow the beneficiary to avoid incurring income inclusion or penalties, provided the amount is recontributed within 60 days of the date of the refund.

The College Savings Plan Network (CSPN) submitted a letter (also attached) to IRS on January 20, 2017, requesting confirmation that recontributed amounts can be treated as new contributions, rather than requiring a portion of the recontribution to be treated as earnings, based on the earnings ratio applied to the amount originally distributed. The Institute's letter requests guidance regarding additional questions, should the IRS disagree with CSPN's position.

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Assistant General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)