

MEMO# 27968

March 21, 2014

IRS Issues Guidance on One-Per-Year Limit on IRA Rollovers

[27968]

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TO: PENSION MEMBERS No. 11-14
BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 12-14
BROKER/DEALER ADVISORY COMMITTEE No. 13-14
TRANSFER AGENT ADVISORY COMMITTEE No. 15-14
OPERATIONS COMMITTEE No. 12-14 RE: IRS ISSUES GUIDANCE ON ONE-PER-YEAR LIMIT ON IRA ROLLOVERS

On March 20, 2014, the Internal Revenue Service issued Announcement 2014-15 [\[1\]](#) (the "Announcement") which addresses the application to Individual Retirement Accounts and Individual Retirement Annuities (collectively, "IRAs") of the one-rollover-per-year limitation of § 408(d)(3)(B) of the Internal Revenue Code and provides transition relief for owners of IRAs. The Announcement was issued in response to a recent Tax Court opinion, *Bobrow v. Commissioner*, [\[2\]](#) which held that the limitation applies on an aggregate basis, meaning that an individual could not make an IRA-to-IRA rollover if he or she had made such a rollover involving any of the individual's IRAs in the preceding 1-year period. As we previously reported, the Bobrow holding is inconsistent with Proposed Regulation § 1.408-4(b)(4)(ii) and IRS Publication 590, Individual Retirement Arrangements (IRAs), which provide that this limitation is applied on an IRA-by-IRA basis. [\[3\]](#) The IRS states in the Announcement that it anticipates that it will follow the interpretation of § 408(d)(3)(B) in Bobrow and, accordingly, intends to withdraw the proposed regulation and revise Publication 590 to the extent needed to follow that interpretation.

The Announcement also describes transition relief adopted by the IRS and specifies the IRS will not apply the Bobrow interpretation of § 408(d)(3)(B) to any rollover that involves an IRA distribution occurring before January 1, 2015. The Announcement also indicates that the Treasury Department and the IRS expect to issue a proposed regulation under § 408 that would provide that the IRA rollover limitation applies on an aggregate basis, but, that, in no event would the regulation be effective before January 1, 2015.

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endnotes

[1] A copy of Announcement 2014-15 is available here:
<http://www.irs.gov/pub/irs-drop/a-14-15.pdf>.

[2] T.C. Memo. 2014-21 (January 28, 2014).

[3] See [Memorandum](#) to Pension Members No. 4-14, Bank Trust and Retirement Advisory Committee No. 8-14, Broker/Dealer Advisory Committee No. 8-14, Transfer Agent Advisory Committee No. 9-14, Operations Committee No. 7-14 [27894], dated February 18, 2014.

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