

**MEMO# 2372**

December 11, 1990

## **EXTENSION OF TAX REFORM ACT COMPLIANCE DEADLINES**

December 11, 1990 TO: PENSION MEMBERS NO. 40-90 RE: EXTENSION OF TAX REFORM ACT COMPLIANCE DEADLINES

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Attached is a copy of IRS Notice 90-73 which the Internal Revenue Service recently released extending the remedial amendment period for qualified employee benefit plans and 403(b) arrangements to comply with the Tax Reform Act of 1986. (See Institute Memoranda to Pension Members Nos. 8-89 and 13-90, dated February 10, 1989 and March 28, 1990 respectively.) Also attached is a notice of proposed rulemaking by which the Service delays the effective dates provided in the previously proposed regulations regarding the nondiscrimination requirements for qualified retirement plans under section 401(a)(4) of the Code and the average benefit percentage test under section 410(b) of the Code. (See Institute Memoranda to Pension Members Nos. 25-90 and 35-90, dated May 17, 1990 and September 19, 1990 respectively.) Notice 90-73 specifies that qualified retirement plans must be amended by the end of the first plan year beginning after December 31, 1991. Also, the deadline for submission of applications for sponsors of master and prototype plans that seek continued reliance on a prior opinion letter is extended to January 31, 1991. Finally, the Notice indefinitely extends the 403(b) arrangement discrimination safe-harbors set forth in IRS Notice 89-23 which were scheduled to expire at the end of 1990. Employers may rely on a reasonable, good faith interpretation of section 403(b)(12) and/or the transitional safe harbors contained in Notice 89-23 until further guidance is issued concerning these nondiscrimination rules. With regard to the effective dates under the proposed nondiscrimination regulations under section 401(a)(4), the IRS delayed the effective date of these regulations to plan years beginning on or after January 1, 1992. Other transitional rules are provided regarding compliance with proposed regulations under section 410(b). We will keep you informed of further developments. W. Richard Mason  
Assistant General Counsel Attachments