

MEMO# 12397

July 27, 2000

INSTITUTE COMMENT LETTER ON NOTICE 2000-30

[12397] July 27, 2000 TO: PENSION COMMITTEE No. 56-00 PENSION OPERATIONS ADVISORY COMMITTEE No. 55-00 AD HOC COMMITTEE ON ROTH IRAS RE: INSTITUTE COMMENT LETTER ON NOTICE 2000-30 As you are aware, the Internal Revenue Service recently released guidance on Roth IRA recharacterization reporting in Notice 2000-30.* Attached is the comment letter that the Institute submitted to the Service concerning this recent guidance. Specifically, the Institute asks that the Service clarify that IRA trustees and custodians (1) are responsible for reporting Roth IRA recharacterization transactions that occur only within their own financial institution; and (2) may rely on taxpayer information for purposes of coding the year of the recharacterization for Form 1099-R purposes and for reporting information on Form 5498. In addition, we request that the Service provide guidance on what code ("N" or "R") IRA trustees and custodians should use as a default code on Form 1099-R in circumstances where a taxpayer does not provide information concerning the year of a particular recharacterization. Finally, we request that the Service consider modifying the Instructions to Forms 5498 and 1099-R to allow IRA trustees and custodians generally to rely on taxpayer representations as to the type of contribution being made or the reason for the distribution. If you have any questions concerning the comment letter or Notice 2000-30, please call me at (202) 218-3563 or Russ Galer at (202) 326-5835. Kathryn A. Ricard Associate Counsel Attachment Attachment (in .pdf format) * See Institute Memorandum to Pension Committee No. 30-00 and Pension Operations Advisory Committee No. 39-00, dated June 5, 2000.