

MEMO# 10638

January 12, 1999

IRS RELEASES CORRECTED INSTRUCTIONS TO FORM 5329

1 See Institute memorandum to Pension Members No. 70-98, Pension Operations Advisory Committee No. 64- 98 and Transfer Agent Advisory Committee No. 78-98, dated November 24, 1998. [10638] January 12, 1999 TO: PENSION MEMBERS No. 4-99 PENSION OPERATIONS ADVISORY COMMITTEE No. 3-99 TRANSFER AGENT ADVISORY COMMITTEE No. 6-99 RE: IRS RELEASES CORRECTED INSTRUCTIONS TO FORM 5329

Recently, the Internal Revenue Service corrected its previously released instructions to 1998 Form 5329, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts and MSAs.¹ Specifically, the corrections are as follows: * The paragraph that begins at the bottom of the first column on page 4 has been revised to read "The additional 10 percent tax also does not apply to excess contributions to an Ed IRA that are returned (distributed) before the due date of your return (including extensions). The distribution must include earnings on the excess contributions." * The first bulleted item in Part V (page 5, column 2) has been corrected to read, "The withdrawal is made by the due date (including extensions) of your 1998 income tax return." * The paragraph above the line 20 heading (page 5, column 2) has been corrected to read, "Any income earned on the withdrawn contributions must be included on your income tax return for the year the excess contribution was made." Copies of Form 5329 and the revised instructions are attached. Kathryn A. Ricard Assistant Counsel Attachment