

MEMO# 4217

October 29, 1992

IRS REVENUE PROCEDURE CONCERNING REPORTING OF EMPLOYEE CONTRIBUTIONS ON FORM 1099-R

October 29, 1992 TO: PENSION MEMBERS NO. 30-92 OPERATIONS MEMBERS NO. 43-92
TRANSFER AGENT ADVISORY COMMITTEE NO. 65-92 RE: IRS REVENUE PROCEDURE
CONCERNING REPORTING OF EMPLOYEE CONTRIBUTIONS ON FORM 1099-R

Attached is a copy of IRS Revenue Procedure 92-86, which advises payors of the proper method of reporting employee contributions on IRS Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, Etc. Generally, if a distribution consists of both taxable and nontaxable amounts, the payor must report the gross distribution, and separately report the taxable amount and the employee contributions recovered tax free during the year. The gross distribution is reported in Box 1 of Form 1099-R, the taxable amount in Box 2a, and the employee contributions amount in Box 5. However, if the payor is unable to reasonably obtain the data needed to determine the taxable amount, Boxes 2a and 5 should be left blank, and Box 2b, "Taxable amount not determined," should be marked. The revenue procedure contains a special rule for nontotal distributions formerly reported on Form W-2P, which did not require the separate reporting of employee contributions. Such accounts in pay status before January 1, 1993, will not be subject to the general rule. We will keep you informed of developments. Kathy D. Ireland Associate Counsel - Pension Attachment KDI:bmb