

MEMO# 5638

March 4, 1994

INTERNAL REVENUE SERVICE CLARIFIES RULES FOR REPORTING DIRECT ROLLOVERS

March 4, 1994 TO: OPERATIONS MEMBERS NO. 7-94 PENSION MEMBERS NO. 6-94
TRANSFER AGENT ADVISORY COMMITTEE NO. 8-94 RE: INTERNAL REVENUE SERVICE
CLARIFIES RULES FOR REPORTING DIRECT ROLLOVERS

As we previously reported, IRS Announcement 93-20 clarified that, except in the case of a direct rollover for a spouse due to the death of a participant, no other codes needed to be used with codes G and H, the codes used to report direct rollovers on IRS Form 1099-R. (See Institute Memorandum to Pension Members No. 8-93, Operations Members No. 9-93 and Transfer Agent Advisory Committee No. 10-93, dated January 26, 1993.) Revenue Procedure 93-31, however, indicated that codes G and H cannot be accepted with numerical codes (other than code G with numerical code 4). (See Institute Memorandum to Accounting/Treasurers Committee No. 25-93, Closed-end Fund Members No. 22-93, Operations Members No. 28-93, Pension Members No. 29-93, Tax Members No. 29-93, Transfer Agent Advisory Committee No. 41-93 and Unit Investment Trust Committee No. 33-93, dated August 13, 1993.) Attached is a copy of IRS Announcement 94-40, which indicates that many companies have programmed their reporting systems to include other numerical codes with codes G and H, based on the earlier announcement. The IRS accordingly has reprogrammed its Form 1099-R processing system to accept codes 1, 2, 3, 4, or 7 with codes G and H, but only until December 31, 1994. For any report after December 31, 1994, a 1993 (or later) Form 1099-R with a code G and a numerical code other than 4, or a code H and any numerical code, will be treated as an erroneous filing. We will keep you informed of developments. Kathy D. Ireland Associate Counsel - Pension Attachment