

MEMO# 15739

March 10, 2003

MARCH 13 CONFERENCE CALL TO DISCUSS DRAFT COMMENT LETTER ON FORM 1099-Q AND FORM 5498-ESA

[15739] March 10, 2003 TO: 529 PLAN ADVISORY COMMITTEE No. 15-03 OPERATIONS COMMITTEE No. 3-03 PENSION COMMITTEE No. 7-03 PENSION OPERATIONS ADVISORY COMMITTEE No. 14-03 TAX COMMITTEE No. 14-03 TRANSFER AGENT ADVISORY COMMITTEE No. 28-03 RE: MARCH 13 CONFERENCE CALL TO DISCUSS DRAFT COMMENT LETTER ON FORM 1099-Q AND FORM 5498-ESA A conference call has been scheduled for Thursday, March 13, 2003 at 2:00 p.m. EDT to discuss the Institute's draft comment letter (attached) regarding Form 1099-Q and Form 5498-ESA. These forms impose new reporting requirements with respect to Coverdell ESAs. In the draft comment letter, the Institute urges that the following changes and clarifications be made with respect to these new reporting requirements:

- o Maintain the existing system for tracking earning and basis in ESA accounts whereby the responsibility for such calculations remains with the ESA account holder. If the Service determines that ESA custodians must calculate earnings and basis, then the Institute urges that this be required prospectively only and only with respect to new contributions to new accounts.
- o Eliminate the requirement that custodians report ESA contributions on Form 5498-ESA. If the Service determines that custodians must report ESA contributions on Form 5498-ESA, then modify certain rules, such as the deadline for furnishing Copy B of the form to the account holder, so that custodians will have sufficient time to comply with the reporting requirements.
- o Clarify how certain requirements of Notice 2001-81 will apply with respect to ESA reporting, such as the requirement to aggregate accounts.
- o Permit the reporting of negative earnings with respect to distributions of less than the entire ESA account balance.
- 2 o Clarify several technical questions regarding reporting on Forms 1099-Q and 5498-ESA.

If you would like to participate in this call, please complete the attached response form and fax it to Brenda Turner by Wednesday, March 12, 2003. Please dial 1-877-784-3232 and ask for the ICI "1099-Q" call, Lisa Robinson, moderator. In addition, if there are specific issues that you would like to discuss during the call, please provide the items on the response form. You may also contact me at 202-326-5835 or lrobinson@ici.org. Lisa Robinson Assistant Counsel

Attachment no. 1 (in .pdf format)