

**MEMO# 15656**

February 19, 2003

## **NEW 2003 INSTRUCTIONS FOR FORM 1099-Q AND FORM 5498-ESA**

[15656] February 19, 2003 TO: 529 PLAN ADVISORY COMMITTEE No. 11-03 OPERATIONS MEMBERS No. 6-03 PENSION MEMBERS No. 9-03 PENSION OPERATIONS ADVISORY COMMITTEE No. 8-03 TAX MEMBERS No. 11-03 TRANSFER AGENT ADVISORY COMMITTEE No. 19-03 RE: NEW 2003 INSTRUCTIONS FOR FORM 1099-Q AND FORM 5498-ESA The IRS has released new 2003 instructions for Form 1099-Q and Form 5498-ESA (both attached). Payers should file Form 1099-Q to report payments from a qualified tuition program under section 529 of the Internal Revenue Code<sup>1</sup> ("529 Plan") or a Coverdell education savings account under Code section 530 ("Coverdell ESA"). Payers should file Form 5498-ESA for each person for whom the payer maintained any Coverdell ESA during 2003. Coverdell ESA contributions and rollovers, including trustee-to-trustee transfers, should be reported on Form 5498-ESA, which is new for 2003. Effective for 2003, Coverdell ESA contribution information will no longer be reported on Form 5498. New rules for 2003 also provide that any distribution or rollover from a Coverdell ESA will no longer be reported on Form 1099-R. Instead, such amounts should now be reported on Form 1099-Q. Payers should furnish Copy B of Form 5498-ESA to beneficiaries of a Coverdell ESA by April 30, 2004 and file Form 5498-ESA with the IRS by May 31, 2004. Payers should furnish Copy B of Form 1099-Q to the recipient by February 2, 2004 and file Form 1099-Q with the IRS by March 1, 2004, or by March 31, 2004 if filing electronically. Lisa Robinson Assistant Counsel Attachment (in .pdf format) 1 All section references herein are to the Internal Revenue Code of 1986, as amended.

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