

MEMO# 11924

June 5, 2000

INTERNAL REVENUE SERVICE RELEASES ROTH RECHARACTERIZATION REPORTING GUIDANCE

[11924] June 5, 2000 TO: PENSION MEMBERS No. 30-00 PENSION OPERATIONS ADVISORY COMMITTEE No. 39-00 RE: INTERNAL REVENUE SERVICE RELEASES ROTH RECHARACTERIZATION REPORTING GUIDANCE

The Internal Revenue Service recently released Notice 2000-30, which provides a new reporting method to be used by IRA trustees, issuers and custodians for reporting IRA recharacterizations and reconversions occurring after 2000, i.e., year 2001 transactions. The new method replaces the alternate method of reporting permitted under Announcements 99-5 and 99-106. In addition, the Notice states that it applies to recharacterizations and reconversions occurring after December 31, 2000 "whether or not using the same trustee." 1099-R Reporting Notice 2000-30 requires that prior year recharacterizations and current year recharacterizations be reported on separate Form 1099-Rs. Prior year characterizations will be coded with existing Code R in Box 7, while same year recharacterizations will be coded with a new Code N in Box 7. Because prior year and current year recharacterizations will be separately coded, they will be reported on separate Form 1099-Rs. However all prior year recharacterizations from the same First IRA must be reported together on a single Form 1099-R, using Code R in Box 7. Similarly, all current year recharacterizations from the same First IRA must be reported on a single Form 1099-R using the new Code N in box 7. Form 5498 Reporting Recharacterizations will be reported in a new box on Form 5498 titled "Recharacterized contributions" (instead of in Box 2 as provided in Notice 98-49) and the checkbox entitled "Rechar." will be eliminated. All recharacterized contributions received by an IRA in the same year are permitted to be totaled and reported on one Form 5498. Alternatively, each recharacterized contribution can be reported on a separate Form 5498. Reconversions are reported on Forms 1099-R and 5498 in the same manner as other conversions. The alternate method described in Announcements 99-5 and 99-106 will not be available for reconversions occurring in 2001 and thereafter. The Service invites comments and suggestions concerning the new reporting requirements. A copy of Notice 2000-30 is attached. Kathryn A. Ricard Associate Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment referred to in this Memo, please call the ICI Library at (202) 326-8304, and ask for attachment number 11924. ICI Members may retrieve this Memo and its attachment from ICINet (<http://members.ici.org>).

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