

MEMO# 10808

March 17, 1999

IRS RELEASES INSTRUCTIONS TO 1999 FORMS 1099-R AND 5498

[10808] March 17, 1999 TO: PENSION MEMBERS No. 15-99 PENSION OPERATIONS ADVISORY COMMITTEE No. 16-99 RE: IRS RELEASES INSTRUCTIONS TO 1999 FORMS 1099-R AND 5498

The Internal Revenue Service has released instructions to 1999 Forms 1099-R and 5498. The instructions to 1999 Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., includes four changes to Form 1099-R. First, the IRS changed Code J to “[d]istribution from a Roth IRA.” Therefore, financial institutions must use Code J to indicate distributions from both Conversion Roth IRAs and Roth IRAs. Other changes include the elimination of Code K, addition of Code R, “[r]echaracterized IRA contribution” to be used to report recharacterization transactions, and elimination of Codes B and C, because the death benefit was eliminated for taxpayers who died after August 20, 1996. The IRS revised 1999 Form 5498, IRA Contribution Information, in order to identify recharacterization transactions. The IRS deleted the “Roth conv.” checkbox and added a new checkbox, “Rechar.” to recognize recharacterization transactions. A copy of the instructions is attached. Kathryn A. Ricard Assistant Counsel

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