

Silver Advantage **Tax Alert**

IRS Offers Relief for Late Rollover of Retirement Plan Distributions

*By Laurie Kaplan, CPA
September 2016*

Have you ever missed a critical deadline? Most of us have and until last month, if you missed the tax free 60-day rollover deadline on a distribution from a retirement plan, the IRS hit you with income tax and early withdrawal penalties. In late August, the IRS changed its rules to offer a self-certification procedure designed to help recipients of retirement plan distributions who inadvertently miss the 60-day deadline. When applicable, there would be NO COST to the taxpayer.

The self-certification procedure comes into play when certain circumstances apply, including:

- A misplaced and uncashed distribution check
- Serious damage to the taxpayer's home
- Death of a family member
- Serious illness

When one of the above circumstances apply, the taxpayer must make the rollover contribution as soon as practical (within 30 days) after the reason for missing the 60-day deadline is no longer an impediment in order to qualify for this relief.

While banks are not required to accept late rollover contributions, the self-certification process should allow you to find a bank that will. Keep in mind that the IRS indicates it will normally honor a taxpayer's truthful self-certification, although it could be overturned during an IRS audit. On the plus side, the IRS now has the authority to grant a waiver during an audit for a taxpayer who doesn't self-certify to allow a late rollover based on the facts and circumstance.

The best way to avoid these penalties and need for self-certification when transferring funds from one retirement amount to another is to make direct trustee-to-trustee transfers. The tax experts at Michael Silver and Company are ready to assist you with these and any of your retirement plan needs. Please contact us at 847-982-0333.

Laurie Kaplan, CPA has over 25 years of experience managing and addressing tax and accounting issues. She serves as the firm's key employee benefit plan specialist, consulting with and advising clients on plan selection, design, set-up, and administration. She also assists with the resolution of plan defects through self-correction; IRS or DOL voluntary compliance programs; handling employee benefit plan audits; and preparation of the required tax returns. Laurie also has broad experience in estate and gift taxation, as well as significant expertise regarding like-kind exchanges.

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