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## **Pension Digest Alert**

### **2009 IRS Form 1099-R Special Relief**

A representative of the IRS has verbally confirmed this morning that the IRS will be making an announcement concerning the reporting changes described in the 2009 Instructions for Form 1099-R, first published in February 2009.

In general, for 2009 Form 1099-R reporting purposes, Box 1 was to be completed with the Gross distribution and Box 2a (Taxable amount) was to be left blank. Some exceptions do apply. In prior years, Box 2a was generally completed with the same amount as in Box 1. Some exceptions did apply. We discussed these changes in our February and September issues of *The Pension Digest* newsletter.

Apparently, there are either IRA software vendors or third party reporting vendors who did not revise their software to implement the 2009 reporting requirements or there are financial institutions which did not make the changes they needed to make even though the software had been changed by their vendor.

**CWF will stay on top of this matter and keep you informed of all changes. Once the IRS issues its written guidance we will issue it and all updates will be posted on our website, [www.pension-specialists.com](http://www.pension-specialists.com)**

*The IRS representative did state that the 2009 reporting procedures do apply for 2010 reporting purposes and there is no special relief for 2010 reporting. The changes need to be made and implemented.*

#### **Special IRS Relief**

The IRS will allow an IRA custodian/trustee to complete Boxes 1 and 2a of the 2009 Form 1099-R by using the IRS instructions for either 2008 or 2009. Using the 2008 instructions means it will be permissible to complete Box 2a and not leave it blank as required by the 2009 instructions. Although not yet confirmed in writing, the IRS will not impose the penalties for preparing a reporting form incorrectly if Box 2a of the 2009 Form 1099-R is not left blank when it should be left blank.

The IRS has chosen again to be nice to IRA custodians/trustees and IRA vendors. The IRS did publish the new rules in February of 2009.

It might be possible that the IRS relief is not limited to completing Boxes 1 and 2a, but that the IRA custodian/trustee would be allowed to use the 2008 instructions for completing all Boxes on the 2009 Form 1099-R.

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