

Internal Revenue Service

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Person To Contact:
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Date:
July 09, 2020

Decedent =
Taxpayer =
Date 1 =
Date 2 =
Trust =
Company A =
IRA X =

Dear :

This letter is in response to a request for a letter ruling under section 408 of the Internal Revenue Code, submitted on behalf of Taxpayer by her authorized representative in correspondence dated November 27, 2019.

The following facts and representations have been submitted under penalty of perjury in support of the ruling requested.

Decedent was born on Date 1. Decedent died on Date 2, which is after his “required beginning date,” as that term is defined in section 401(a)(9)(C). Decedent was survived by his spouse, Taxpayer.

Decedent was the owner of an individual retirement account (IRA), IRA X, at Company A. Decedent named Trust as the sole beneficiary of IRA X. Taxpayer is the sole beneficiary of Trust.

Pursuant to the terms of Trust, Taxpayer is the sole trustee of Trust and reserves the sole right to amend or revoke the Trust and to distribute all income and principal for her own benefit.

Taxpayer now wishes to roll over amounts from IRA X into one or more IRAs held in the name of Taxpayer.

Based on the facts and representations, you request the following rulings:

1. That Taxpayer, as the surviving spouse of the Decedent, is eligible to roll over a distribution from IRA X into one or more IRAs established and maintained in Taxpayer's own name, provided that the rollover occurs no later than the sixtieth day following the day the distribution from IRA X is received; and
2. That Taxpayer is not required to include the proceeds from IRA X in income for Federal Income Tax purposes for the year in which the IRA proceeds are distributed and rolled over into Taxpayer's IRAs, to the extent that the IRA X proceeds are timely rolled over into an IRA set up and maintained in the name of Taxpayer.

Law

Section 408(d)(1) provides that, except as otherwise provided in section 408(d), any amount paid or distributed out of an IRA shall be included in gross income by the payee or distributee, as the case may be, in the manner provided under section 72.

Section 408(d)(3) provides an exception to income inclusion under section 408(d)(1) for certain distributions from an IRA to the individual for whose benefit the IRA is maintained that are rolled over within 60 days to another IRA for the benefit of that individual.

Section 408(d)(3)(B) provides that section 408(d)(3) does not apply to any amount described in section 408(d)(3)(A)(i) received by an individual from an IRA if at any time during the one-year period ending on the day of such receipt such individual received any other amount described in section 408(d)(3)(A)(i) from an IRA which was not includible in his gross income because of the application of section 408(d)(3).

Section 408(d)(3)(C) provides that amounts from an inherited IRA cannot be rolled over into another IRA. Under section 408(d)(3)(C)(ii), an IRA is treated as an inherited IRA if the individual for whose benefit the IRA is maintained acquired the IRA by reason of the death of another individual, and such individual is not the surviving spouse of the other individual.

Analysis

Because Taxpayer, as the surviving spouse of Decedent, is the trustee and sole beneficiary of the Trust and is entitled to all income and the entire corpus of the Trust, Taxpayer is effectively the individual for whose benefit IRA X is maintained. Accordingly, if Taxpayer receives a distribution of the proceeds from IRA X, she may roll

over the distribution (other than amounts required to be distributed in accordance with section 401(a)(9)) into one or more IRAs established and maintained in her name.

Rulings

Thus, with respect to your ruling requests, we conclude as follows:

1. Taxpayer, as the surviving spouse of Decedent, is eligible to roll over a distribution from IRA X into one or more IRAs established and maintained in her own name within 60 days of the receipt of the distribution by Taxpayer; and
2. Taxpayer is not required to include such distribution in income in the year of distribution.

This letter assumes that IRA X satisfies the requirements of section 408 at all times relevant thereto. It also assumes that the IRAs to which the proceeds from IRA X will be rolled over also meet the requirements of section 408 at all times relevant thereto. Furthermore, this letter assumes that, during the one-year period ending on the day of receipt of the distribution from IRA X, Taxpayer will not have received any other amount from an IRA that was rolled over under section 408(d)(3).

The rulings contained in this letter ruling are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party, as specified in Rev. Proc. 2020-1, 2020-1 I.R.B. 1, § 7.01(16)(b). While this office has not verified any of the material submitted in support of the request for a letter ruling, and such material is subject to verification on examination. The Associate office will revoke or modify a letter ruling and apply the revocation retroactively if there has been a misstatement or omission of controlling facts; the facts at the time of the transaction are materially different from the controlling facts on which the ruling was based; or, in the case of a transaction involving a continuing action or series of actions, the controlling facts change during the course of the transaction. See Rev. Proc. 2020-1, § 11.05.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter ruling.

This letter ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative.

Sincerely,

Neil Sandhu
Senior Technician Reviewer
(Employee Benefits, Exempt Organizations, and
Employment Taxes)

cc: