

INTERNAL REVENUE SERVICE

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October 12, 2000

Dear [REDACTED]:

This letter is in response to your correspondence of July 7, 2000, regarding required minimum distributions. In your letter, you explained that you attained age 70 ½ in 1999 and began taking required minimum distributions for 1999 from your 401(k) plan and Individual Retirement Arrangements (IRAs) between January 1, 2000 and April 1, 2000. You asked us whether you may include these distributions in gross income in 1999, pursuant to Code section 451 of the Internal Revenue Code (the Code).

Section 451 of the Code provides a general rule for determining the taxable year of inclusion of items of gross income. However, section 451 does not govern the taxable year of inclusion of retirement plan and IRA distributions.

Sections 402(a) and 408(d) of the Code provide specific rules governing the taxability of distributions from retirement plans and IRAs, respectively. Under sections 402(a) and 408(d), retirement plan and IRA distributions generally are includable in gross income in the taxable year in which they are distributed. IRS publication 590, Individual Retirement Arrangements, page 26, also provides, "In general, include distributions from a traditional IRA in gross income in the year you receive them." Sections 402 and 408 also provide exceptions to this rule. For example, certain distributions are not includable in gross income, such as distributions that are rolled over and distributions made before the due date of the tax return that are a return of contributions made for that taxable year. However, there is no special rule permitting required minimum distributions received by an individual between January 1 and April 1 of the year following the year such individual turns 70 ½, to be includable in gross income in the prior taxable year.

We hope the information included in this letter will be of assistance to you. However, this letter does not constitute a ruling on any of the matters discussed.

If you have additional questions or concerns, please contact Cathy Vohs ([REDACTED]) of my staff at (202) 622-6090 (not a toll-free number).

Sincerely,

Michael J. Roach
Chief, Qualified Plans Branch 1
(Employee Benefits)
Office of the Division Counsel/Associate
Chief Counsel (Tax Exempt and
Government Entities)