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From:

Sent: Tuesday, November 24, 2009 9:52:35 AM

To:

Cc:

Subject: RE: Salary as PT

Yes you are correct the payment of salary to the IRA owner, even indirectly by an IRA owned LLC, is a prohibited transaction. The feeling is although section 4975(d)(10) provides reasonable compensation & reimbursement exception, section 4975(d)(10) or section 4975(d)(2) does not contain an exemption for acts described in section 4975(c)(1)(E) (relating to fiduciaries dealing with the income or assets of plans in their own interest or for their own account) or acts described in section 4975(c)(1)(F) (relating to fiduciaries receiving consideration for their own personal account from any party dealing with a plan in connection with a transaction involving the income or assets of the plan). An IRA owner has a conflict of interest when he is in a position of authority, control or responsibility to determine how much compensation to pay himself. See section 54.4975-6(a) of the regulations.