



# TaxNewsFlash

## United States

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### **Notice 2018-90: Withholding, reporting of IRA payments to state's unclaimed property funds, relief extended to 2020**

The IRS today released an advance version of Notice 2018-90 that extends withholding and reporting transition relief as originally provided by Rev. Rul. 2018-17 with respect to payments made from IRAs (individual retirement accounts) to a state's unclaimed property funds.

[Notice 2018-90](#) [PDF 73 KB]—in response to “a number of requests” for an extension of transition relief—extends the relief to payments made before the earlier of: (1) January 1, 2020, or (2) the date it becomes reasonably practical to comply with the withholding and reporting requirements that are described in Rev. Rul. 2018-17.

#### **Background**

Rev. Rul. 2018-17 was issued in May 2018 to address the federal income tax withholding and reporting implications of payments made by a trustee of an individual's IRA to a state's unclaimed property fund. Under the facts presented in the revenue ruling:

- An individual had an interest in an IRA (a traditional IRA), but the individual failed to make a withholding election with respect to this interest in the IRA.
- The applicable state law required the IRA trustee to pay the individual's interest in the IRA to the state's unclaimed property fund under which a claim for property may be made by the owner.
- In 2018, the trustee paid over the individual's interest in the IRA (a value of \$1,000) to the state's unclaimed property fund.

The IRS concluded in Rev. Rul. 2018-17 that the payment made by the trustee of the individual's interest in the IRA to the state's unclaimed property fund was subject to

federal income tax withholding under section 3405 and also to reporting under section 408(i). However, certain transition relief was provided. The IRS stated that a person will not be treated as failing to comply with the withholding and reporting requirements (described in Rev. Rul. 2018-17) with respect to payments made before the earlier of: (1) January 1, 2019, or (2) the date it becomes reasonably practicable for the person to comply with those requirements. Read [TaxNewsFlash](#)

Today's notice extends this to earlier of: (1) January 1, 2020, or (2) the date it becomes reasonably practical to comply with the withholding and reporting requirements.

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