



TaxNewsFlash

United States



No. 2020-704
November 18, 2020

Final regulations: ABLE accounts under section 529A

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9923) as guidance regarding tax-advantaged “achieving a better life experience” (ABLE) accounts.

The “Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014” (ABLE Act) established the rules for states (or state agencies) to follow regarding federal tax-favored savings programs for eligible individuals with a disability as the owners and designated beneficiaries of ABLE accounts—accounts to which contributions may be made to meet qualified disability expenses. ABLE accounts also receive favorable treatment for purposes of certain means-tested federal programs.

Today’s [final regulations](#) [PDF 478 KB] (160 pages) finalize proposed regulations and earlier guidance provided by IRS notices. The final regulations:

- Provide guidance on the requirements a program established and maintained by a state (or state agency or instrumentality) must satisfy to be considered a qualified ABLE program under section 529A
- Address the requirements for establishing an ABLE account, for qualifying as an eligible individual and thus a qualified designated beneficiary of an ABLE account and for contributions to an ABLE account, including the limitations on the amount and investment of such contributions
- Provide rules regarding changes in the designated beneficiary of an ABLE account, and rollovers and program-to-program transfers from one ABLE account to another
- Provide guidance on the gift and generation-skipping transfer tax consequences of contributions to an ABLE account, as well as on the federal income, gift, and estate tax consequences of distributions from, and changes in the designated beneficiary of, an ABLE account
- Provide guidance on the recordkeeping and reporting requirements of a qualified ABLE program

For background on ABLE accounts (and the prior IRS guidance and proposed regulations), read [TaxNewsFlash](#)

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)