



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OCT 28 2005

Uniform Issue List: 408.03-00

Legend:

Taxpayer A =

Taxpayer B =

IRA C =

IRA D =

Financial Institution E =

Account F =

Account G =

Financial Institution H =

Amount I =

Amount J =

Dear :

This letter is in response to a request for a letter ruling dated July 18, 2005, as supplemented by additional information dated September 20, 2005, and October 13,

2005, in which you request a waiver of the 60-day rollover requirement contained in section 408(d)(3) of the Internal Revenue Code ("Code").

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

Taxpayer A, age 55, and Taxpayer B, age 46, ("Taxpayers A and B") represent that they received distributions from IRA C and IRA D, respectively, totaling Amount I and Amount J, respectively. Taxpayers A and B assert that their failure to accomplish a rollover with the 60-day period prescribed by section 408(d)(3) was due to a mistake by Financial Institution H which led to Amount I and Amount J being placed in non-IRA accounts. Taxpayers A and B further represent that Amount I and Amount J have not been used for any other purpose.

On July 1, 2003, Taxpayers A and B telephoned a representative of Financial Institution H and completed paperwork by fax establishing, what they believed were, IRAs at Financial Institution H. The representative of Financial Institution H instructed Taxpayers A and B to contact Financial Institution E and request a direct transfer of their IRAs with Financial Institution E to Financial Institution H. On July 5, 2003, Taxpayers A and B completed forms with Financial Institution E requesting a direct transfer of their IRAs to IRAs at Financial Institution H. On July 21, 2003, checks representing Taxpayers A and B IRAs, in Amount I and Amount J respectively, were issued by Financial Institution E to Financial Institution H for the benefit of Taxpayers A and B. On July 25, 2003, Amount I and Amount J were placed in non-IRA certificates of deposit ("CD") by Financial Institution H. The error was not discovered until after the 60-day rollover period had expired.

Based on the above facts and representations, you request that the Internal Revenue Service ("Service") waive the 60-day rollover requirement contained in Code section 408(d)(3) with respect to the distribution of Amount I and Amount J.

Section 408(d)(1) of the Code 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 of the Code.

Section 408(d)(3) of the Code defines, and provides the rules applicable to IRA rollovers.

Section 408(d)(3)(A) of the Code provides that section 408(d)(1) of the Code does not apply to any amount paid or distributed out of an IRA to the individual for whose benefit the IRA is maintained if -

(i) the entire amount received (including money and any other property) is paid into an IRA for the benefit of such individual not later than the 60th day after the day on which the individual receives the payment or distribution; or

(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan (other than an IRA) for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to section 408(d)(3)).

Section 408(d)(3)(B) of the Code 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 1-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 gross income because of the application of section 408(d)(3).

Section 408(d)(3)(D) of the Code provides a similar 60-day rollover period for partial rollovers.

Section 408(d)(3)(I) of the Code provides that the Secretary may waive the 60-day requirement under sections 408(d)(3)(A) and 408(d)(3)(D) of the Code where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement. Only distributions that occurred after December 31, 2001, are eligible for the waiver under section 408(d)(3)(I) of the Code.

Rev. Proc. 2003-16, 2003-4 I.R.B. 359 (January 27, 2003) provides that in determining whether to grant a waiver of the 60-day rollover requirement pursuant to section 408(d)(3)(I), the Service will consider all relevant facts and circumstances, including: (1) errors committed by a financial institution; (2) inability to complete a rollover due to death, disability, hospitalization, incarceration, restrictions imposed by a foreign country or postal error, (3) the use of the amount distributed (for example, in the case of payment by check, whether the check was cashed); and (4) the time elapsed since the distribution occurred.

The information presented and documentation submitted by Taxpayers A and B, including a statement from Financial Institution H identifying their error, is consistent with their assertion that their failure to accomplish a timely rollover was caused by an error committed by Financial Institution H.

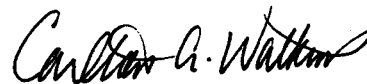
Therefore, pursuant to Code section 408(d)(3)(I), the Service hereby waives the 60-day rollover requirement with respect to the distribution of Amount I and Amount J from IRA C and IRA D, respectively. Taxpayers A and B are granted a period of 60 days from the issuance of this ruling letter to contribute Amount I and Amount J into Rollover IRAs. Provided all other requirements of section 408(d)(3), except the 60-day requirement, are met with respect to such contribution, Amount I and Amount J will be considered rollover contributions within the meaning of section 408(d)(3).

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations which may be applicable thereto.

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

If you wish to inquire about this ruling, please contact [REDACTED], SE:T:EP:RA:T1, I.D.

Sincerely yours,



Manager
Employee Plans Technical Group 1

Enclosures:

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