

Changes to Codes for IRAs on the 2001 Form 1099-R

Announcement 2000-86

Purpose: The purpose of this announcement is to advise payers making distributions from IRAs of changes to the distribution codes entered in box 7 on the 2001 Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*

Changes to Distribution Codes

1. Notice 2000–30, 2000–25 I.R.B. 1266, specifies a new method for reporting recharacterizations and reconversions occurring after 2000.

Result. Because of Notice 2000–30, the following changes are being made to the distribution codes:

- **Code N** is added for reporting a “Recharacterized IRA contribution made for 2001.”
- **Code R** is changed to report a “Recharacterized IRA contribution made for 2000.”

2. Only two distribution codes can be entered in box 7 on Form 1099-R. Therefore, payers were only able to report a distribution as the result of an excess contribution to a Roth IRA by using Code J with Code 8 or P. Payers could not use Code 1, 2, 3, or 4 if Codes J and 8 or P applied.

Result. To alleviate this reporting problem, the following changes are being made to the distribution codes:

- **Code J** is changed to report an “Early distribution from a Roth IRA, no known exception.”
- **Code T** is added to report a “Roth IRA distribution, exception applies.”

Therefore, payers can only use the following codes for a Roth IRA distribution:

- Code J for an early distribution from a Roth IRA, no known exception. (Do not use Code 1 with Code J. However, you must use Code 5, 8, or P, if applicable.)
- Code T for a distribution from a Roth IRA, exception applies. (Do not use Code 2, 3, 4, or 7 with Code T. However, you must use Code 5, 8, or P, if applicable.)