



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

February 21, 2025

Release Number: 202520014

Release Date: 5/16/2025

URL No. 9100.00.00

Legend:

Taxpayer A =

Roth IRA X =

Custodian C =

Amount 1 =

Amount 2 =

Amount 3 =

Amount 4 =

Amount 5 =

Amount 6 =

Amount 7 =

Dear

This is in response to your letter dated December 27, 2023, submitted on your behalf by your authorized representative, in which you request a ruling to recharacterize a pre-2018 contribution and pre-2018 rollover contributions under section 301.9100-3 of the Procedure and Administration Regulations (the "Regulations").

The following facts and representations have been submitted under penalty of perjury in support of your request.

Taxpayer A established Roth IRA X with Financial Institution B in 2000. Custodian C serves as custodian of Roth IRA X. Taxpayer A made contributions to Roth IRA X for tax years prior to 2010. The contribution/rollovers involved in your ruling request involve a contribution of Amount 1 for tax year 2010, a trustee-to-trustee rollover of Amounts 2 and 3 for tax year 2012, and a trustee-to-trustee rollover of Amounts 4, 5, and 6 for tax year 2014. (which total Amount 7).

Following Taxpayer A's marriage in 2007, she requested that Financial Institution B change the last name on Roth IRA X to reflect her last name change. Financial Institution B submitted the request to Custodian C who, in processing the request inadvertently removed the reference "Roth" from the account title. However, the account remained coded as a Roth IRA within the product code.

Taxpayer A was unaware that Roth IRA X was a Roth IRA (rather than a traditional IRA) because when accessing her account in Financial Institution B's customer account portal, the account was not labeled "Roth". During a meeting in 2021 with Financial Institution B, Taxpayer discovered the mislabeling of Roth IRA X on Financial Institution B's customer account portal.

Taxpayer A represents that she timely filed federal income tax returns for tax years 2010, 2012 and 2014. Taxpayer A is not seeking relief to file amended tax returns for these tax years nor seeking to recharacterize the Roth IRA X contributions as deductible traditional IRA contributions. Taxpayer A also represents that this request was filed before the Internal Revenue Service (the Service) discovered the failure to make an election to recharacterize her Roth IRA X contributions. The contributions made for years 2010, 2012 and 2014 and the net earnings on these contributions have been retained in Roth IRA X.

Based on the facts and representations submitted, Taxpayer A requests an extension of time to recharacterize the Roth IRA contribution made to Roth IRA X for tax year 2010, and the rollover contributions made to Roth IRA X for tax years 2012 and 2014, which total Amount 7, as having been made to a traditional IRA pursuant to section 1.408A-5 of the Federal Income Tax Regulations (the "I.T." Regulations) and section 301.9100-3 of the Regulations.

With respect to your ruling request, section 408A(d)(6)(A) of the Internal Revenue Code (the "Code") provides that except as provided by the Secretary, if, on or before the due date for any taxable year, a taxpayer transfers in a trustee-to-trustee transfer any contribution to an individual retirement plan made during such taxable year from such plan to another individual retirement plan, then for purposes of this chapter, such contribution shall be treated as having been made to the transferee plan (and not the transferor plan)..

Section 408A(d)(6)(B)(i) of the Code provides that subparagraph A shall not apply to the transfer of any contribution unless such transfer is accompanied by the net income allocable to such contribution.

Section 408A(d)(7) of the Code defines the due date. for purposes of this subsection, to mean the due date prescribed by law (including extensions of time) for filing the taxpayer's return for such taxable year.

Section 1.408A-5, Q&A-1 of the I.T. Regulations provides that, except as otherwise provided by the Secretary, a taxpayer may elect to recharacterize an IRA contribution made to one type of IRA as having originally been made to another type of IRA by making a trustee-to-trustee transfer of the IRA contribution to the other type of IRA. In a recharacterization, the IRA contribution is treated as having been made to the transferee IRA and not the transferor IRA. This section, further provides that this recharacterization election generally must occur on or before the date prescribed by law, including extensions, for filing the taxpayer's federal income tax return for the tax year of the contribution.

Section 1.408A-5, Q&A-2 of the I.T. Regulations requires that the net income attributable to the amount of a contribution being recharacterized must be transferred to the other type of IRA along with the contribution.

Section 1.408A-5, Q&A-6 of the I.T. Regulations describes how a taxpayer makes the election to recharacterize the IRA contribution. To recharacterize a Roth IRA contribution (1) the taxpayer must notify the Roth IRA trustee that the taxpayer has elected to recharacterize the contribution, (2) the taxpayer must provide the trustee (and the transferee trustee, if different from the transferor trustee) with specified information that is sufficient to effect the recharacterization, and (3) the trustee must transfer the contribution and the net income allocable to the contribution.

Sections 301.9100-1, 301.9100-2 and 301.9100-3 of the Regulations provide guidance concerning requests for relief submitted to the Service on or after December 31, 1997. Section 301.9100-1(c) provides that the Commissioner of Internal Revenue, in his discretion, may grant a reasonable extension of the time fixed by a regulation, a revenue ruling, a revenue procedure, a notice, or an announcement published in the Internal Revenue Bulletin for the making of an election or application for relief in respect of tax under, among others, Subtitle A of the Code.

Section 301.9100-2 of the Regulations lists certain elections for which automatic extensions of time to file are granted. Section 301.9100-3 generally provides guidance with respect to the granting of relief with respect to those elections not referenced in section 301.9100-2. The relief requested in this case is not referenced in section 301.9100-2.

Section 301.9100-3 of the Regulations provides that applications for relief that fall within section 301.9100-3 will be granted when the taxpayer provides sufficient evidence (including affidavits described in section 301.9100-3(e)) to establish that (1) the taxpayer acted reasonably and in good faith and (2) the grant of relief would not prejudice the interests of the Government.

Section 301.9100-3(b)(1) of the Regulations provides that a taxpayer will be deemed to have acted reasonably and in good faith if the taxpayer (i) requests relief under section 301.9100-3 before the failure to make a timely election is discovered by the Service, (ii) inadvertently failed to make the election because of intervening events beyond the taxpayer's control, (iii) failed to make the election because after exercising reasonable diligence, the taxpayer was unaware of the necessity for the election; (iv) reasonably relied upon the written advice of the Service, or (v) reasonably relied on a qualified tax professional, including a tax professional employed by the taxpayer, and the tax professional failed to make, or advise the taxpayer to make the election.

Section 301.9100-3(c)(1)(i) of the Regulations provides that the interests of the Government are prejudiced if granting relief would result in a taxpayer having a lower tax liability in the aggregate for all taxable years affected by the election than the taxpayer would have had if the election had been timely made (taking into account the time value of money).

Section 301.9100-3(c)(1)(ii) of the Regulations provides that ordinarily the interests of the Government will be treated as prejudiced if the tax years that would have been affected by the election had it been timely made are closed by the statute of limitations before the taxpayer's receipt of a ruling granting relief under this section.

In this case, Taxpayer A requested relief before the failure to make a timely election to recharacterize her Roth IRA contributions was discovered by the Service. Thus, Taxpayer A is deemed to have acted reasonably and in good faith because she satisfies the requirements of section 301.9100-3(b)(1)(ii) of the Regulations.

In addition, Taxpayer A is not seeking relief to file amended returns for closed years and granting relief will not result in Taxpayer A having a lower tax liability in the aggregate for all taxable years affected by the election than she would have had if the election had been timely made. Thus, we find that, under section 301.9100-3(c)(1)(i) of the Regulations, granting relief will not prejudice the interests of the Government.

With respect to Taxpayer A's ruling request, we rule that, pursuant to section 301.9100-3 of the Regulations, Taxpayer A is granted a period not to exceed 60 days from the date of this letter to recharacterize the contributions to Roth IRA X for tax years 2010, 2012 and 2014, which total Amount 7, as contributions to a traditional IRA. The recharacterization must otherwise satisfy applicable rules, including that the net income attributable to the contributions must be transferred to the traditional IRA.

This letter is directed to the taxpayer who requested it. Code section 6110(k)(3) provides that it may not be used or cited as precedent. A copy of this letter has been sent to your authorized representative in accordance with a power of attorney on file with this office.

If you wish to inquire about this letter, please contact

Sincerely,

Frederick L. Parker, Manager
Employee Plans Technical Group 1

cc: