

Publications

Tax Treatment on the Payment of IRA Fees Gets a New (but Familiar) Private Letter Ruling

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For years, the IRA industry has sought official, comprehensive guidance on the proper tax treatment of payment of various IRA fees, through various types of fee structures. The recent guidance issued in this area—LTR 2011040611—reaffirms the IRS’s favorable position regarding the IRA owners’ payment of wrap fees with non-IRA funds, but continues to leave a number of guidance gaps.

A review of the key guidance in this area is set forth below, followed by a review of the recent LTR. Until further guidance is issued, the IRA community should carefully review their fee structures to ensure that they do not inadvertently trigger a deemed taxable distribution or a deemed IRA contribution, which could result in taxable income and excise taxes to IRA owners and reporting and withholding obligations for an IRA provider (and penalties and interest related thereto). Moreover, absent general guidance in this area, consideration should be given to whether a private letter ruling should be requested on the IRA provider’s fee structure arrangement.

Please see the attached article for further information.

[Tax Treatment on the Payment of IRA Fees Gets a New \(but Familiar\) Private Letter RulingDownload](#)