

NEWS RELEASE IR-87-70, JUNE 2, 1987

News Release 87-70 addresses the IRA fair market value reporting requirements.

IR-87-70 – The Internal Revenue Service today said that regulations are being amended to reflect that issuers and trustees of Individual Retirement Arrangements are subject to new reporting requirements for 1987 and later years under the Tax Reform Act of 1986.

Under the new requirements, IRA trustees and issuers will have to provide annual reports to IRA holders and the IRS for 1987 and later years, showing the fair market value of the IRA determined as of December 31 of the year for which the report is made. The report, which can be in any written format, must be made to IRA holders by January 31 of the year following the calculation of fair market value.

The requirement to report fair market value also applies to IRAs under a simplified employee pension, or SEP. The amended regulations will also specify that trustees must include the IRA's fair market value for the year on the annual Form 5498, *Individual Retirement Arrangement Information*, which is filed with the IRS by May 31 of the following year. If the Form 5498 contains any information other than fair market value, the trustee must also give the IRA holder a copy or similar statement by May 31. The individual's copy need not include notice of the fair market value.

Trustees must furnish the fair market value of the IRA each year even if no contributions were made to the IRA for that year.

The IRS also noted that the amended regulations will not change what IRA trustees and issuers currently must provide to IRA holders and the IRS on whether any IRA contribution is deductible or any distribution is taxable.