

Section 302.

(last updated 1/19/2023)

Title: Reduction in excise tax on certain accumulations in qualified retirement plans

Effective Date: Effective for taxable years beginning after the date of enactment.

Mandatory or Optional: N/A

Plans Affected: All

Previous Law: Existing law imposes an excise tax on an individual if the amount distributed to an individual during a taxable year is less than the RMD under the plan for that year. The excise tax is equal to 50% of the shortfall (that is, 50% of the amount by which the RMD exceeds the actual distribution). (The excise tax may be abated under a reasonable cause exception or through a VCP submission.)

SECURE 2.0 Law: Reduces the excise tax for failure to take RMDs from 50% of the shortfall to 25%. Further reduces the excise tax to 10% if the individual corrects the shortfall during a two-year correction window.

Guidance and/or Correction Bills:

- None