

## **Advocacy's Comments on IRS's Proposed Rules on *Required Minimum Distributions***

On February 24, 2022, the Internal Revenue Service (IRS) published a notice of proposed rulemaking that would amend income tax regulations on required minimum distributions (RMDs) from qualified retirement plans. The proposal reflects amendments to the Internal Revenue Code found in the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). On May 23, 2022, the Office of Advocacy (Advocacy) filed a comment letter encouraging IRS to reconsider their position on certain provisions of the proposed rules. Advocacy also encouraged the IRS to publish either a supplemental Regulatory Flexibility Act (RFA) assessment or an Initial Regulatory Flexibility Analysis (IRFA), allowing additional time for public comment.

Advocacy made the following suggestions:

- The IRS should revise the proposed regulations to provide that designated beneficiaries of defined contribution plans and individual retirement accounts will not be required to make annual RMDs. Instead, designated beneficiaries should only be required to distribute the balance of an inherited account within 10 years of the death of the original plan participant or account owner.
- In the alternative, the IRS should implement a regulatory effective date that is 12 months following the publication date of the final rulemaking in the *Federal Register*. The final regulations should also specify that there will be no penalties for good-faith interpretations of the SECURE Act until that effective date.
- The IRS should publish for public comment either a supplemental RFA assessment with a valid factual basis in support of a certification or an IRFA before proceeding with the rulemaking.
- The IRS should extend the comment period by an additional 60 days to allow small businesses more time to consider the impact of the proposed regulations.

A complete copy of [Advocacy's letter to the IRS](#) is available. For more information, please contact Meagan Singer, Assistant Chief Counsel at [meagan.singer@sba.gov](mailto:meagan.singer@sba.gov) or call (202) 921-4843.