

# Form 1099-R: Rollovers

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## Background

Moving retirement funds from one account to another is generally called a “rollover”, although for tax purposes there are important distinctions between the types of accounts and entities involved. Each of these has a different impact on the taxpayer, taxation, and the preparation of the tax return.

- A **transfer** is the most basic way to move funds or retirement assets from one Individual Retirement Account (IRA) to another. The funds or assets are moved directly from one IRA provider to another. The taxpayer can transfer their account as many times as desired in any time frame - there are no limits or restrictions on transfers between an IRA and a financial institution. These transactions are not reported to the IRS and the taxpayer will not receive Form 1099-R for them.
- A **direct rollover** is when funds are moved from a qualified retirement plan or an employer sponsored plan that is **not** an IRA (like a 401(k) plan) into an IRA. The funds are sent directly from one provider to another. The rollover is reported to the IRS and the taxpayer receives Form 1099-R with code G (Direct rollover of distribution and direct payment).
- An **indirect rollover**, also known as a “60-day rollover,” occurs when the taxpayer takes a personal distribution of the funds and deposits them into an IRA within 60 days of that initial distribution. The distribution is reported to the IRS and the taxpayer receives Form 1099-R with code 1 (Early distribution, no known exception) or code 7 (Normal distribution).

Although there is no limit on **transfers**, there is a limit of one (1) **direct or indirect rollover** from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs owned.

**Note:** If rolling or converting from a pre-tax to a post-tax retirement account (eg, from a traditional IRA to a Roth IRA), the rollover amount is generally taxable.

## How to Assist Taxpayers

In the case of a **direct rollover** with Form 1099-R and Box 7, code G:

1. In TaxSlayer, navigate to **Federal Section**→**Income**→**1099-R, RRB-1099, RRB-1099-R, SSA-1099**→**Add or Edit a 1099-R**.
2. Enter the data on Form 1099-R in the **Form 1099-R** screen. Be sure to include all data including the Box 7 code(s).
3. Scroll down in the **Form 1099-R** screen and click on **Check here if all/part of the distribution was rolled over, and enter the rollover amount**.
4. Enter the amount of the Gross distribution from Box 1 of Form 1099-R in the **Rollover Amount** field (as shown below).

## Rollover or Disability

Check here if all/part of the distribution was rolled over, and enter the rollover amount.

Rollover Amount \*

**Note:** You must complete these two steps even though Code G already indicates a rollover distribution.

### In the case of an indirect rollover with Form 1099-R and Box 7, code 1 or code 7:

1. Verify that the taxpayer deposited the funds in a qualifying retirement account within 60 days of the initial distribution.
2. In TaxSlayer, navigate to **Federal Section**→**Income**→**1099-R, RRB-1099, RRB-1099-R, SSA-1099**→**Add or Edit a 1099-R**.
3. Enter the data on Form 1099-R in the **Form 1099-R** screen. Be sure to include all data including the Box 7 code(s).
4. Scroll down in the **Form 1099-R** screen and click on **Check here if all/part of the distribution was rolled over, and enter the rollover amount**.
5. Enter the amount of the rollover (from Box 1 Gross distribution unless the rollover was for a partial amount; see below) in **Rollover Amount**.

### In the case of a Form 1099-R that shows both a regular distribution (which is generally taxable) and a rollover (which is generally nontaxable) OR if the taxpayer re-deposited only part of a personal distribution as an indirect rollover:

1. In TaxSlayer, navigate to **Federal Section**→**Income**→**1099-R, RRB-1099, RRB-1099-R, SSA-1099**→**Add or Edit a 1099-R**.
2. Enter the data on Form 1099-R in the **Form 1099-R** screen. Be sure to include all data including the Box 7 code(s).
3. Scroll down in the **Form 1099-R** screen and click on **Check here if all/part of the distribution was rolled over, and enter the rollover amount**.
4. Enter only the rollover amount (and not the entire amount listed in Box 1 Gross distribution) in **Rollover Amount**.

### In the case of an indirect rollover where the taxpayer missed the 60-day deadline to redeposit the funds but did eventually deposit the funds, with Form 1099-R and Box 7, code 1 or code 7:

1. If the taxpayer meets the IRS-accepted reasons for missing the 60-day deadline, the taxpayer can submit a self-certification to the trustee (the administrator of the account). See [IRS Revenue Procedure 2016-47](#) for instructions, qualifying reasons for missing the delay, and a sample self-certification.  
**Note:** This self-certification process must occur before the taxpayer comes to the Tax Help Program for tax return preparation. It is not part of the tax return preparation process.
2. Once the self-certification has been submitted, the amount may be reported as a valid rollover on the tax return.
  - a. In TaxSlayer, navigate to **Federal Section**→**Income**→**1099-R, RRB-1099, RRB-1099-R, SSA-1099**→**Add or Edit a 1099-R**.
  - b. Enter the data on Form 1099-R in the **Form 1099-R** screen. Be sure to include all data including the Box 7 code(s).

- c. Scroll down in the **Form 1099-R** screen and click on **Check here if all/part of the distribution was rolled over, and enter the rollover amount.**
- d. Enter the amount of the rollover (from Box 1 Gross distribution unless the rollover was for a partial amount; see below) in **Rollover Amount.**
- e. Inform the taxpayer that the IRS may determine later that the waiver is not acceptable and the taxpayer may be subject to additions to income and penalties as a result.