

IRS Issues Final Regulations Regarding Timing of Qualified Plan Loan Offset Amount Rollovers

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The IRS recently issued final regulations relating to amendments made to Code Section 402(c) by the Tax Cuts and Jobs Act of 2017 (the "TCJA"). The TCJA provides an extended rollover period for plan loan offset amounts that are treated as distributed from a qualified plan due to (i) termination of the plan or (ii) failure to repay the loan due to the participant's severance from employment, each a "qualified plan loan offset" ("QPLO"). Although most of the general rules relating to plan loan offsets apply to QPLO amounts, the permissible rollover period is extended. Generally, a participant has only 60 days to contribute the loan offset amount in a tax-free rollover to another qualified retirement plan. However, a participant may roll over QPLO amounts into another qualified retirement plan until the due date for his or her personal income tax return for the year in which the QPLO occurred.

The final regulations apply to plan loan offset amounts (including QPLO amounts) treated as distributed on or after January 1, 2021. However, taxpayers may apply the final regulations to amounts treated as distributed on or after August 20, 2020.

The final regulations are available [here](#).