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Folks:

**Quick-Take:** In IRS Notice 2024-19 the Service once again has waived the penalty for the failure to take a required minimum distribution (RMD) from an inherited IRA when the IRA owner was over his/her required beginning date (RBD) at the time of death.

**Background:** This Notice deals with IRC 401(a)(9)(H) which was added by the SECURE Act of 2019. The IRS in its SECURE Act Proposed Regulations interpreting IRC 401(a)(9)(H) stated that the inheritor of the decedent's IRA *after the deceased account owner was older than his/her RBD* at the time of death is required to take *annual* RMDs from the inherited IRA. Hundreds of comments were submitted to the IRS after its publications of the Regulations which claimed that its interpretation of this new Tax Code section, that requires *annual* RMDs, was contrary to the intent of Congress.

**2024 Notice:** Considering that groundswell of negative comments it received to its Regulations, the IRS, starting in 2021, and continuing for 2022 and 2023, published Notices that waived the penalties for the failure of those beneficiaries affected by the Proposed Regulation who did not take an annual RMD. [Notice 2022-53; Notice 2023-54.]

In Notice 2024-19 the IRS thus continues with its pattern of waiving the penalty (actually, an excise tax imposed under IRC 4974(a)) for yet another calendar year.

*“To the extent a taxpayer did not take a specified RMD (as defined in section IV.C of this Notice) the IRS will not assert that an excise tax is due under Section 4974.”*

**Key Point:** For that somewhat narrow group of beneficiaries who inherited an IRA when the IRA owner was older than his/her RBD, e.g., age 73, they do not have to take an *annual* RMD from the inherited IRA in 2024.

**Caution:** All other beneficiaries who inherit retirement accounts are still subject to the customary RMD rules, e.g., an *eligible designated beneficiary* must still take *annual* RMDs using the life expectancy method to calculate the RMD or be subject to the excise tax.

**Future:** In its Notice the IRS it expects to have published Final Regulations sometime this year. Therefore, it expects to apply IRC 401(a)(9) starting on or after **January 1, 2025**.

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