

IRS User Fees for IRA Mistakes

Quick-Take: The IRS just changed, for the better, the user fee that it charges for individuals who missed a 60-day rollover of their IRA, or who need to recharacterize contributions that they made to a Roth IRA.

Background: In Revenue Procedure 2026-4 the IRS established separate reduced user fees for relief from IRA ‘mistakes.’ The IRS can waive the penalties associated with a 60-day rollover [IRC 402(c)(3) and IRC 408(d)(3)]. The user fee to gain that relief will be \$3,500 starting this year. The IRS can also grant relief to recharacterize contributions to a Roth IRA [Regulation 301.9100]. That user fee was also reduced to \$3,500.

While \$3,500 is a lot of money to pay to ‘fix’ a problem that was possibly created by an IRA owner’s inadvertence, for comparison purposes, the user fee the IRS charges for ‘all other rulings under the jurisdiction of the Employee Plans Office’ increased from \$12,500 in 2025 to \$18,500 in 2026. If the 60-day rollover mistake had occurred in 2025, it would have been subject to the \$12,500 user fee.

Self-Certification: Recall that back in 2016 the IRS introduced the self-certification method, which allows an IRA owner who is eligible to complete a later rollover without requesting an IRS ruling and without having to pay any IRS user fee. [Revenue Procedure 2016-47, as modified in Revenue Procedure 2020-46.]

Observation: The point of this evolving change in user fees and self-certification reflects an IRS policy to allow streamlined, lower-cost, remedies rather than expensive ruling requests when the mistake arises from fact-based circumstances that are normally beyond the IRA owner’s control. Hence, it is important to properly categorize a relief request. A request that falls within the rollover or recharacterization category can be pursued at a ‘relatively’ most cost, and if eligible, completed without submitting any application to the IRS under the self-certification method, which will result in no IRS user fee. Any request that falls outside those categories will be subject to the much higher \$18,500 user fee.

Conclusion: While a \$3,500 IRS user fee is not by any means ‘cheap’ it sure beats \$18,500.

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