

June 30, 2025

Internal Revenue Service  
Washington, DC 20044

Re: Internal Revenue Service 2025 Draft Instructions for Forms 1099-R and 5498: New Code “Y” for Qualified Charitable Distributions (QCDs)

To Whom It May Concern:

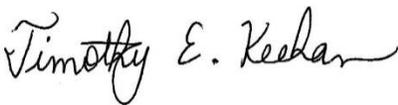
The American Bankers Association<sup>1</sup> (ABA) is responding to the draft instructions for Forms 1099-R and 5498, which the Internal Revenue Service (IRS) has updated to include a new code “Y” for QCDs. IRS intends the new code “Y” to apply for tax year 2025.

Our membership includes banks that act as trustees and custodians for individual retirement accounts (IRAs) for their respective retail customers. For these bank IRA trustees and custodians, implementing the new code “Y” will involve considerable time, costs, and resources, requiring among other things (i) programming code changes, (ii) presenting data elements in a new format, (iii) securing funding to design, develop, and test the changes, and (iv) reviewing and possibly revising the bank-IRA customer agreement. Consequently, it will be exceedingly difficult, if not impossible, for these banks to accommodate the new code “Y” for tax year 2025.<sup>2</sup>

We request, therefore, that IRS delay the effective date of the applicability of code “Y” to tax year 2026. This will allow bank IRA trustees and custodians the transition period necessary to incorporate code “Y” into their systems, customer agreements, and reporting processes.

Thank you for your attention to this matter. If you have any questions or require any additional information, please do not hesitate to contact the undersigned at 202-663-5479 ([tkeehan@aba.com](mailto:tkeehan@aba.com)).

Sincerely,



Timothy E. Keehan  
Senior Vice President, Asset Management

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<sup>1</sup> The American Bankers Association is the voice of the nation’s \$24.2 trillion banking industry, which is composed of small, regional, and large banks that together employ approximately 2.1 million people, safeguard \$19.1 trillion in deposits, and extend \$12.6 trillion in loans. Learn more at [www.aba.com](http://www.aba.com).

<sup>2</sup> Moreover, although the draft instructions are dated March 15, 2025, the new code “Y” would cover transactions for the entirety of tax year 2025. Any QCDs made prior to the March 15<sup>th</sup> date thus would have to be manually identified, tracked down, and recoded, increasing the incidence of error, omission, or incompleteness of Form 1099-R.