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## **Internal Revenue Code Section 4974**

Excise tax on certain accumulations in qualified retirement plans

(a) General rule.

If the amount distributed during the taxable year of the payee under any qualified retirement plan or any eligible deferred compensation plan (as defined in section 457(b)) is less than the minimum required distribution for such taxable year, there is hereby imposed a tax equal to 50 percent of the amount by which such minimum required distribution exceeds the actual amount distributed during the taxable year. The tax imposed by this section shall be paid by the payee.

(b) Minimum required distribution.

For purposes of this section, the term "minimum required distribution" means the minimum amount required to be distributed during a taxable year under section 401(a)(9) , 403(b)(10) , 408(a)(6) , 408(b)(3) , or 457(d)(2) , as the case may be, as determined under regulations prescribed by the Secretary.

(c) Qualified retirement plan.

For purposes of this section, the term "qualified retirement plan" means-

- (1) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),
- (2) an annuity plan described in section 403(a),
- (3) an annuity contract described in section 403(b),
- (4) an individual retirement account described in section 408(a) , or
- (5) an individual retirement annuity described in section 408(b) .

Such term includes any plan, contract, account, or annuity which, at any time, has been determined by the Secretary to be such a plan, contract, account, or annuity.

(d) Waiver of tax in certain cases.

If the taxpayer establishes to the satisfaction of the Secretary that-

- (1) the shortfall described in subsection (a) in the amount distributed during any taxable year was due to reasonable error, and
- (2) reasonable steps are being taken to remedy the shortfall,

the Secretary may waive the tax imposed by subsection (a) for the taxable year.