

General Information Letter: Amounts contributed to Bright Start College Savings Pool accounts are deductible under IITA Section 203(a)(2)(Y), including amounts "rolled over" from other IRC Section 529 plans.

January 29, 2002

Dear:

This is in response to your undated letter mailed in an envelope postmarked January 25, 2002, in which you request a letter ruling. The nature of your request and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), which may be found on the Department's web site at www.revenue.state.il.us.

In your letter you have stated the following:

I wrote an email to your office asking whether rollovers from other 529 plans into the Bright Start 529 plan are deductible on IL returns. They told us the answer was yes but that me I had to write to you in order to get this in law.

Please provide the law that clarifies this situation.

Response

Public Act 92-439 added Section 203(a)(2)(Y) to the Illinois Income Tax Act (35 ILCS 5/203), which allows an individual to subtract from his or her federal adjusted gross income:

For taxable years beginning on or after January 1, 2002, moneys contributed in the taxable year to a College Savings Pool account under Section 16.5 of the State Treasurer Act.

The StateTreasurer has named the College Savings Pool program "Bright Start."

This statute contains no provision limiting the subtraction to only contributions made from specified sources. Accordingly, the deduction is allowed for any contribution, including a contribution of funds distributed from an IRC Section 529 plan and "rolled over" into a Bright Start account.

As stated above, this is a general information letter which does not constitute a statement of policy that applies, interprets or prescribes the tax laws, and it is not binding on the Department. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b). If you have any further questions, you may contact me at (217) 782-7055.

Sincerely,

Paul S. Caselton
Deputy General Counsel -- Income Tax