

**New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau**

TSB-M-81(2)I
Income Tax
May 29, 1981

1981 Legislation

Rollover of PASS Funds

Chapter 83 of the Laws of 1981 amends section 612(k) of Article 22 of the New York State Tax Law and section T46-112.0 (k) of the Administrative Code of the City of New York. These amendments permit a creator of a qualified higher education fund (PASS Fund) to transfer (rollover) the assets of such a fund from one bank, custodian or trustee to another without terminating the fund or creating a liability for tax.

A rollover occurs where a creator of the PASS fund withdraws all the assets of the fund and not later than 60 days subsequent to such withdrawal establishes a new PASS fund. The deposit used to establish this new fund must equal the value of the assets withdrawn. The deposit of the assets into the new fund may not be made the basis of a deduction.

A rollover will be permitted only once a year with respect to a beneficiary. The one year period commences on the date of withdrawal of the funds.

These amendments were enacted on April 21, 1981 and take effect immediately.

This memorandum should be used in conjunction with TSB-M-78-(4)-I, TSB-M-79-(1)-I and TSB-M-79-(3)-I.