

MEMO# 30933

November 2, 2017

IRS and Treasury Release 2017-2018 Priority Guidance Plan -- Tax Items

[30933]

November 2, 2017 TO: ICI Members
Accounting/Treasurers Committee
ICI Global Tax Committee
Tax Committee

Transfer Agent Advisory Committee SUBJECTS: Tax RE: IRS and Treasury Release
2017-2018 Priority Guidance Plan -- Tax Items

The Treasury Department and the Internal Revenue Service ("IRS") have released the [2017-2018 Priority Guidance Plan](#), listing their priorities for tax regulations and other administrative guidance through June 2018. Several projects of interest to funds and fund shareholders, which have been requested by the Institute,[\[1\]](#) are included in the plan:[\[2\]](#)

- Final regulations under §§ 305(c) and 1441 regarding the amount and timing of, and the withholding obligations on, deemed distributions from conversion ratio adjustments on convertible debt and stock.
- Guidance under §§ 1295, 1297, and 1298 on passive foreign investment companies.
- Guidance under Chapter 3 (§§1441-1446) and Chapter 4 (§§1471-1474), which may address withholding on gross proceeds and foreign passthru payments under Chapter 4; coordination of certain documentation requirements for participating foreign financial institutions with the requirements under IGAs; due diligence requirements of withholding agents under Chapter 3, including the requirement to collect and report foreign taxpayer identification numbers of certain accountholders; and refunds and credits; and including regulations on verification requirements for sponsoring entities for Chapter 4 purposes.
- Regulations and other guidance under § 7701.
- Guidance on § 529(c)(3)(D) on the recontribution within 60 days of refunded qualified higher education expenses as added by section 302 of the Protecting Americans from Tax Hikes Act of 2015.

The 2017-2018 Priority Guidance Plan includes several other items of interest to funds, fund shareholders, and management companies:

- Guidance regarding application of the cure provisions under § 851(i) for regulated investment companies (RICS).
- Proposed modification of regulations under § 337(d) regarding certain transfers of C

corporation property to RICs and real estate investment trusts.

- Delay and proposed removal of documentation regulations under § 385 and review of other regulations under §385.
- Final regulations under § 851 relating to investments in stock and securities.
- Guidance addressing issues relating to mark-to-market accounting under § 475.
- Regulations under § 1001 on the the modification of debt instruments, including issues relating to disregarded entities.
- Regulations under § 7872.
- Final regulations under § 1411 regarding issues related to the net investment income tax.
- Guidance under § 871(m), including with respect to non-delta-one transactions.
- Guidance under § 894 and treaties, including regarding the application of various treaty provisions to hybrid entities and instruments.
- General guidance under the new partnership audit rules, including regulations addressing: administrative and judicial review rules; push out election by tiered structures; adjustment to bases and capital account and the tax and book basis of partnership property; and the operation of certain international provisions in the context of the centralized partnership audit regime, including rules relating to the withholding of tax on foreign persons, withholding of tax to enforce reporting on certain foreign accounts, and the treatment of creditable foreign tax expenditures of a partnership.
- Guidance on safe harbors for de minimis errors on information returns and payee statements under § 202 of the Protecting Americans from Tax Hikes Act of 2015.

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[Attachment](#)

endnotes

[\[1\]](#) The Institute's recommendations for the 2017-2018 Priority Guidance Plan are attached.

[\[2\]](#) For a discussion of the retirement savings items, see Institute Memorandum ([30923](#)) dated October 24, 2017.