

**MEMO# 31569**

January 18, 2019

# **IRS Issues Proposed Regulations Permitting RIC Investors to Benefit from 20 Percent Deduction Provided for Qualified Dividend Income from Real Estate Investment Trusts (REITs)**

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January 18, 2019 TO: ICI Members

Tax Committee SUBJECTS: Tax RE: IRS Issues Proposed Regulations Permitting RIC Investors to Benefit from 20 Percent Deduction Provided for Qualified Dividend Income from Real Estate Investment Trusts (REITs)

The IRS today issued proposed regulations (<https://www.irs.gov/pub/irs-drop/reg-134652-18.pdf>) permitting regulated investment companies to pay “section 199A dividends” to their shareholders. This treatment will allow RIC individual (non-corporate) shareholders to benefit from the 20 percent deduction provided by the 2017 tax law changes for dividends from REITs. To benefit, the shareholder must hold the RIC shares for more than 45 days during the 91-day period beginning on the date that is 45 days before the date on which the RIC share becomes ex-dividend with respect to the dividend. Taxpayers may rely upon this proposed regulation (§1.199A-3(d)) immediately.

The IRS guidance states that the Treasury Department and IRS continue to consider whether this “conduit treatment” is appropriate for certain income from qualified publicly traded partnerships (PTPs).

Keith Lawson  
Deputy General Counsel - Tax Law

should not be considered a substitute for, legal advice.