

MEMO# 24017

December 16, 2009

IRS Releases Proposed Regulations on Cost Basis Reporting

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TO: BROKER/DEALER ADVISORY COMMITTEE No. 65-09
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 54-09
TAX MEMBERS No. 34-09
OPERATIONS MEMBERS No. 28-09
TRANSFER AGENT ADVISORY COMMITTEE No. 92-09
SMALL FUNDS MEMBERS No. 72-09 RE: IRS RELEASES PROPOSED REGULATIONS ON
COST BASIS REPORTING

The Internal Revenue Service ("IRS") has issued proposed regulations (attached) addressing changes in the law made by the Energy Improvement and Extension Act of 2008 requiring brokers (including mutual funds), when reporting the sale of securities to customers and the IRS, to include the customers' adjusted basis in the sold securities and to classify any gain or loss as long-term or short-term. The IRS has requested written comments on the proposed regulations by February 8, 2010. The IRS will hold a public hearing on February 17, 2010; outlines of topics to be discussed at the public hearing also must be received by February 8, 2010.

The Institute will send to members soon a memorandum with a detailed explanation of the proposed regulations.

Karen Lau Gibian
Associate Counsel

[Attachment](#)

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