

MEMO# 31698

April 5, 2019

Draft ICI-Nareit Letter on Sec. 199A Deduction for Qualified REIT Dividends and PTP Income

[31698]

April 5, 2019 TO: Tax Committee RE: Draft ICI-Nareit Letter on Sec. 199A Deduction for Qualified REIT Dividends and PTP Income

Attached for your review is a draft letter from ICI and Nareit thanking the Treasury Department and the Internal Revenue Service (IRS) for recently proposed regulations under section 199A.^[1] The proposed regulations confirm that regulated investment companies (RICs) may pass through to RIC shareholders qualified dividends from real estate investment trusts (REITs) so that RIC shareholders can take the 20 percent deduction under section 199A. ICI and Nareit believe the proposed regulations appropriately implement Congress' intent and provide the guidance necessary to permit RIC shareholders to utilize the deduction for qualified REIT dividends. The letter thus asks the Treasury Department and the IRS to adopt these rules when they finalize the regulations.

The preamble to the proposed regulations states that the Treasury Department and IRS continue to consider whether it is appropriate for certain income from qualified publicly traded partnerships (PTPs) to be passed through to RIC shareholders under section 199A. In conversations with the Tax Committee, ICI decided not to submit comments on the PTP issue. The Master Limited Partnership Association (MLPA), however, has submitted recommendations on this issue (attached). The joint ICI-Nareit letter indicates that the ICI supports the MLPA's recommendations but notes that the exclusion of RIC dividends from unrelated business taxable income (UBTI) or effectively connected income (ECI) is paramount.

Comments on the proposed regulations are due to the government by Tuesday, April 9. If you have any questions or concerns about the draft ICI-Nareit letter, please contact Karen Gibian (202-371-5432 or kgibian@ici.org) no later than 4:00 p.m. ET on April 9.

Karen Lau Gibian
Associate General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)

endnotes

[1] See Institute Memorandum No. 31569, dated January 18, 2019, which can be found at: https://www.ici.org/my_ici/memorandum/memo31569.

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