

MEMO# 31529

December 20, 2018

Section 199A (RIC - REIT) Developments

[31529]

December 20, 2018 TO: Tax Committee SUBJECTS: Tax RE: Section 199A (RIC - REIT) Developments

Two important developments have occurred regarding the issue of whether investors in RICs that receive income from REITs and publicly traded partnerships can benefit from the 20 percent deduction provided for certain qualifying income by the 2017 tax legislation known as the Tax Cuts and Jobs Act (TCJA).[\[1\]](#)

First, proposed regulations titled “Guidance under § 199A (RIC – REIT) [TCJA]” were received on December 13, 2018 by the Office of Management and Budget (OMB) from the Treasury Department.[\[2\]](#) No information is available regarding the precise scope of the proposed regulations or the date on which they will be published. Rules to implement the TCJA can be designated for expedited review that would take no more than 10 business days, subject to extensions.[\[3\]](#)

Second, the Joint Committee on Taxation on December 20, 2018 released its [explanatory document](#) (the Blue Book) detailing the TCJA. Page 30 of the Blue Book provides:

“It is intended that in the case of an individual shareholder of a RIC that itself owns stock in a REIT or interests in a publicly traded partnership, the individual is treated as receiving qualified REIT dividends or qualified publicly traded partnership income to the extent any dividends received by the individual from the RIC are attributable to qualified REIT dividends or qualified publicly traded partnership income received by the RIC.”

A Tax Committee call will be held on Thursday, January 3, 2018, at 11am (Eastern Time Zone) to discuss these developments.

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endnotes

[1] https://www.ici.org/my_ici/memorandum/memo30991

[2] The OMB status can be viewed here:

<https://www.reginfo.gov/public/do/eoDetails?rrid=128735>

[3] A copy of the US Treasury Department and OMB Memorandum of Agreement (MOA) can be viewed here:

<https://home.treasury.gov/sites/default/files/2018-04/04-11%20Signed%20Treasury%20OIRA%20MOA.pdf>

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