

**MEMO# 30861**

September 5, 2017

## **ICI RIC-Specific Legislative Proposals**

[30861]

September 5, 2017 TO: Management Company Tax Subcommittee  
Tax Committee RE: ICI RIC-Specific Legislative Proposals

Attached are several legislative proposals that the Institute has submitted to Congressional staff. These proposals, which are specific to regulated investment companies ("RICs"), would:

- Permit net operating losses (NOLs) for RICs;
- Permit special allocations of earnings and profits to capital gain distributions;
- Clarify the treatment of derivatives under specified mark-to-market provisions;
- Provide an election allowing non-calendar year RICs to avoid return of capital distributions;
- Clarify late-year ordinary loss deferral rules for October and November year-end funds;
- Treat commodities as good income;
- Rationalize the application of section 382 to RICs held by 401(k) plans;
- Clarify the application of the excise tax rules to certain deemed dividends from corporations;
- Clarify that Subpart F and Qualified Electing Fund (QEF) inclusions constitute good income;
- Revise the deficiency dividend rules to account for tax-exempt shareholders; and
- Clarify the definition of publicly offered RICs.

We also have been discussing a fiscal year-to-date safe harbor for calculating excise tax liability (attached). We are considering whether a legislative solution is necessary, or whether a regulatory solution is possible.

We will discuss these proposals on the next Tax Committee conference call (scheduled for Tuesday, September 12, at 11:00 a.m. ET). Please also feel free to contact me (202-371-5432 or [kgibian@ici.org](mailto:kgibian@ici.org)) if you have any questions or would like to discuss any of the proposals.

Karen Lau Gibian  
Associate General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)

[Attachment No. 3](#)

[Attachment No. 4](#)

[Attachment No. 5](#)

[Attachment No. 6](#)

[Attachment No. 7](#)

[Attachment No. 8](#)

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[Attachment No. 10](#)

[Attachment No. 11](#)

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