

MEMO# 32797

October 1, 2020

ICI Comment Letter to IRS on Proposed Regulations Under Section 1061

[32797]

October 1, 2020 TO: ICI Members

Tax Committee SUBJECTS: Tax RE: ICI Comment Letter to IRS on Proposed Regulations Under Section 1061

ICI has submitted the attached letter asking the Treasury Department and the Internal Revenue Service (IRS) to maintain in final regulations the permissive nature of the reporting rules for regulated investment companies (RICs) included in the recently [proposed regulations](#) on carried interest. The proposed regulations permit (but do not require) RICs and real estate investment companies (REITs) to report certain amounts of capital gain to their shareholders for purposes of section 1061. We believe RICs rarely, if ever, will have shareholders for whom this provision is relevant; requiring this additional reporting thus would be unnecessarily burdensome for our members.

In addition, we ask the Treasury Department and the IRS to clarify that a RIC opting to report such amounts may do so on a written statement furnished to the applicable shareholder without tying the reporting of such amounts to the reporting of capital gain dividends generally. Given members' belief that it would be extremely rare for a partnership that needs this type of information to hold RIC shares, most funds likely will not calculate and report this information at the time that the capital gain dividends are reported on 1099-DIVs or other written statements. If a shareholder subsequently informs a fund that it needs this information, and the fund can calculate the amounts, then the fund should be permitted to report the information at that point on a written statement furnished to the shareholder.

Karen Lau Gibian
Associate General Counsel

[Attachment](#)

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