

MEMO# 21354

July 12, 2007

2007 Year-end Reporting Layouts

[21354]

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TO: ACCOUNTING/TREASURERS COMMITTEE No. 14-07
BANK AND TRUST ADVISORY COMMITTEE No. 19-07
BROKER/DEALER ADVISORY COMMITTEE No. 32-07
CLOSED-END INVESTMENT COMPANY COMMITTEE No. 23-07
OPERATIONS COMMITTEE No. 14-07
TAX COMMITTEE No. 30-07
TRANSFER AGENT ADVISORY COMMITTEE No. 41-07 RE: 2007 YEAR-END REPORTING LAYOUTS

Primary and Secondary Layouts and Instructions

Attached are the final “Primary,” “Secondary” and “NRA” Layouts that are available for regulated investment companies (“RICs”) to utilize in reporting 2007 year-end tax information to brokers and banks. The 2007 Primary Layout is an excel spreadsheet that has been designed to “track” IRS Form 1099-DIV. The 2007 Secondary Layout is an excel spreadsheet that provides a format for RICs to use in reporting CUSIP-level tax information regarding various additional tax related items. The 2007 NRA Layout is an excel spreadsheet that should be used in connection with reporting information on IRS Form 1042-S. These formats are available on the Institute’s members only website at <http://www.ici.org/policy/tax/yearendrep>. [1]

Changes to Formats

The final versions of the Primary, Secondary and NRA Layouts and instructions include the following changes to the documents:

(1) Primary Layout

- Clarification in the last sentence of Instruction 20 that “this amount should always

equal the sum of Qualified Income Dividends (column 18), Qualified Short-Term Gain (column 19) and Qualified Foreign Tax Paid (column 20).”

- Clarification at the end of Instruction 24 regarding the AMT percentage in Column 31: This percentage should be expressed in its decimal form (should always be a number between 0 and 1) but could be formatted as a percentage within Excel so that it is displayed with the percent sign. For example, .70 formatted as a percentage within Excel is displayed as 70%.
- New Column 32 and instruction for designating changes to CUSIP numbers resulting from mergers (M) or other events (Y).

(2) Secondary Layout

- Title of Instruction 7 changed from “Foreign Source Income” to “Total Foreign Source Income.”
- Clarification after first sentence in Instruction 9 that “this percentage cannot exceed Total Foreign Source Income (Column 6).”
- Clarification at the end of Instruction 14 that “the sum of columns 13-68 should not fall below 100%.”
- New columns 69-79 for reporting exempt federal securities, indirect federal obligations and income from repurchase agreements.

(3) NRA Layout

- New Column 11 and instruction for non-FIRPTA long-term capital gain subject to withholding.

Requested Reporting Date

The brokerage community has requested that funds provide year-end tax information on the Primary Layout no later than January 9, 2008. Information on the Secondary Layout is requested no later than January 17, 2008. Information on the NRA Layout is requested no later than February 14, 2008. Any fund complex that requires additional time to prepare the data may choose to communicate with the brokers and banks that sell their funds to arrange an alternate date.

* * *

The rules governing the proper tax characterization of distributions by mutual funds can be complex. Each fund should consult its own tax advisor regarding the proper tax characterization and reporting of the fund’s distributions.

Lisa Robinson
Associate Counsel

[Attachment](#)

endnotes

[1] Hard copies of the documents and spreadsheets are available to the Institute’s members upon request to the Institute’s Ezella Wynn (ewynn@ici.org or 202/218-3560).

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