

MEMO# 29243

August 13, 2015

IRS and Treasury Release 2015-2016 Priority Guidance Plan -- Tax Items

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TO: ACCOUNTING/TREASURERS MEMBERS No. 19-15
INTERNATIONAL MEMBERS No. 29-15
TAX MEMBERS No. 18-15
TRANSFER AGENT ADVISORY COMMITTEE No. 43-15 RE: IRS AND TREASURY RELEASE
2015-2016 PRIORITY GUIDANCE PLAN -- TAX ITEMS

The Internal Revenue Service (“IRS”) and Treasury Department have released their [2015-2016 Priority Guidance Plan](#), listing their priorities for tax regulations and other administrative guidance through June 2016. We are pleased to report that the following projects of interest to funds and fund shareholders, which were requested by the Institute, [\[1\]](#) have been or continue to be included on the plan: [\[2\]](#)

- Final regulations under sections 446 and 6045 relating to shares in certain money market funds.
- Final regulations revising the regulated investment company (“RIC”) asset test examples in Treas. Reg. § 1.851-5 (defining a “controlled group”).
- Guidance under section 853 relating to a RIC’s European Union tax reclaim recovery.
- Guidance regarding conversion ratio adjustments on convertible debt.
- Regulations under section 446 on notional principal contracts (“NPCs”) relating to the inclusion in income or deduction of a contingent nonperiodic payment and guidance relating to the character of payments made pursuant to an NPC.
- Regulations on prepaid forward contracts.
- Regulations relating to accruals of interest (including discount) on distressed debt.
- Guidance under Chapter 3 (§§ 1441-1446) and under Chapter 4 (§§ 1471-1474).
- Final regulations under section 6038D regarding domestic entities holding specified foreign financial assets.
- Regulations under section 7701 coordinating the entity classification election with elections under subchapter M.
- Guidance under sections 1295, 1297, and 1298 on passive foreign investment companies.

The 2015-2016 Priority Guidance Plan also includes numerous other projects that may relate to funds and fund shareholders. These projects include:

- Regulations relating to the active trade or business requirement under section 355(b).
- Guidance relating to the requirements under section 355, including the active trade or business and business purpose requirements and the prohibition on device for the distribution of earnings and profits.
- Regulations under sections 351(e) and 368(a)(2)(F) regarding investment company issues.
- Regulations under section 249 relating to the amount of a repurchase premium attributable to the cost of borrowing.
- Final regulations on the application of section 1256 to certain derivative contracts.
- Regulations under section 1012 regarding basis rules for stock and debt.
- Final regulations under section 1411 regarding issues related to the net investment income tax.
- Final regulations under section 7701 regarding series LLCs and cell companies.
- Final regulations on the treatment of upfront payments on swaps under section 956.
- Regulations under section 871(m) on dividend equivalent payments.
- Regulations and other guidance under section 861 regarding the allocation and apportionment of interest expense.
- Regulations under sections 861, 862, and 863(a) on the character and source of income, including income arising in transactions involving intellectual property and the provision of digital goods and services.
- Guidance under section 894 and treaties, including regarding the application of various treaty provisions to hybrid entities and instruments.
- Guidance on section 988 transactions, including hedging transactions.
- Guidance under section 446 regarding the effect of new financial accounting standards on tax accounting.

Karen Lau Gibian
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endnotes

[1] See Institute Memorandum [28960](#), dated May 7, 2015.

[2] A separate memorandum detailing the retirement savings items is forthcoming.