

MEMO# 32058

November 20, 2019

ICI Requests Changes to IRS Form 1120-RIC

[32058]

November 20, 2019 TO: ICI Members

Tax Committee SUBJECTS: Tax RE: ICI Requests Changes to IRS Form 1120-RIC

ICI submitted the attached letter to the Internal Revenue Service (IRS) recommending changes to the current IRS Form 1120-RIC, US Income Tax Return for Regulated Investment Companies (RICs).^[1] Specifically, ICI requests that the IRS permit RICs to file the Form 1120-RIC electronically. ICI also recommends eliminating the requirement that RICs file IRS Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund, for each foreign investment; instead, RICs should be permitted to file consolidated statements. Finally, the IRS should clarify that a RIC is not required to file the Form 8990, Limitation on Business Interest Expense under Section 163(j), if a RIC does not have any business interest expense. As discussed in the letter, these changes would reduce substantially the time and money that RICs must spend to comply with their tax filing responsibilities without impacting the utility of the information provided to the IRS.

In addition, ICI withdraws its comments from 2014 requesting a RIC-specific Schedule D.^[2] The primary purpose of the proposed RIC-specific Schedule D was to permit RICs to accurately reflect capital losses incurred before and after the effective date of the RIC Modernization Act of 2010 ("RIC Mod"), which were subject to different carryforward rules. Because all pre-RIC Mod capital losses will have expired by November 30, 2019, there no longer is a need to differentiate between the two on the RIC tax return.

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[Attachment](#)

endnotes

^[1] The IRS recently requested comments on forms used by business entity taxpayers,

including the Form 1120-RIC. See [84 F.R. 51718](#).

[2] See Institute Memorandum No. 27954, dated March 13, 2014, which can be found at: https://www.ici.org/my_ici/memorandum/memo27954.

Source URL: <https://icinew-stage.ici.org/memo-32058>

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