

MEMO# 32892

November 3, 2020

UPDATE: 2020 Year-End Reporting Layouts and Target Delivery Dates

[32892]

November 3, 2020 TO: ICI Members

Accounting/Treasurers Committee

Bank, Trust and Retirement Advisory Committee

Bank-Affiliated Member Advisory Committee

Closed-End Investment Company Committee

Operations Committee

Tax Committee

Transfer Agent Advisory Committee SUBJECTS: Fund Accounting & Financial Reporting

Tax RE: UPDATE: 2020 Year-End Reporting Layouts and Target Delivery Dates

The 2020 Primary Instructions have been updated to address the situation in which a fund that pursued tax reclaims based upon European law^[1] receives a refund of tax (with an interest adjustment) and utilizes the netting method described in Notice 2016-10.^[2] This change is needed because, under the Notice's netting method, interest on the refund is included in income (box 1a of the 1099-DIV) but not in the foreign tax amount passed through (box 7 of the 1099-DIV).

Specifically, the instructions for Column 16 and Column 27 now provide the following:

Foreign Tax Paid [Column 16] – Enter the amount of foreign taxes that should be included in “Total Ordinary Dividends,” Box 1a of the Form 1099-DIV. This amount does not include income dividends (Column 14) or short-term capital gain (Column 15). The amount entered in this column is the same as the amount entered in Column 27 for Box 7 of Form 1099-DIV unless the fund received a refund of foreign taxes paid (with an interest adjustment) and is utilizing the netting method described in Notice 2016-10, Section 4.04 *Effect of Netting* (in which case the amount entered in this column may be greater than the amount entered in Column 27).

Foreign Tax Paid [Column 27] – Enter the amount of foreign taxes that should be included in “Foreign Tax Paid,” Box 7 of the Form 1099-DIV. The amount entered in this column is the same as the amount entered in Column 16 (Foreign Tax Paid) for Box 1a of Form 1099-DIV unless the fund received a refund of foreign taxes paid (with an interest adjustment) and is utilizing the netting method described in Notice 2016-10, Section 4.04 *Effect of Netting* (in which case the amount entered in this column may be less than the amount entered in Column 16).

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Assistant General Counsel

[Attachment](#)

endnotes

[1] See, e.g., Institute [Memoranda No. 32702](#), dated August 24, 2020 and [No. 26165](#), dated May 18, 2012.

[2] Institute [Memorandum No. 29650](#), dated January 15, 2016.

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