

MEMO# 7686

March 6, 1996

IRS AND TREASURY RELEASE 1996 BUSINESS PLAN

March 6, 1996 TO: TAX COMMITTEE No. 9-96 ACCOUNTING/TREASURERS COMMITTEE No. 11-96 UNIT INVESTMENT TRUST COMMITTEE No. 8-96 TRANSFER AGENT ADVISORY COMMITTEE No. 12-96 RE: IRS AND TREASURY RELEASE 1996 BUSINESS PLAN

In the attached "1996 Guidance Priorities," the Internal Revenue Service ("IRS") and the Treasury Department have announced their 1996 priorities for tax regulations and other administrative guidance. IRS and Treasury intend to issue regulations/guidance on the approximately 140 projects identified in this document by year-end. Among the projects of interest to regulated investment companies ("RICs") and their shareholders are the following: * revenue procedure on the valuation of RIC assets for the Subchapter M diversification test (Internal Revenue Code section 851); * proposed regulations under section 671 regarding reporting requirements for widely held investment trusts; * guidance under section 171 regarding amortization of bond premium; * final contingent debt regulations under section 1275; * final regulations under section 1001 regarding when a modification of a debt instrument is an exchange; * guidance under the passive foreign investment company ("PFIC") rules; * guidance on capitalization issues; * guidance under section 475 on selected mark-to-market accounting issues for securities dealers; * final regulations under section 731(c) on distributions of marketable securities by a partnership; * final regulations under section 351 regarding transfers to investment companies; * proposed regulations on withholding tax on payments to foreign persons and reporting requirements; * final regulations on issuing a taxpayer identification number for individuals not eligible for a social security number; and * various regulations and revenue procedures on tax administration issues (e.g., recordkeeping requirements, methods of signing tax documents and rules for depositing withheld taxes). * * * * * We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment