

MEMO# 8187

August 30, 1996

ONE-YEAR PENALTY WAIVER FOR TAX STATEMENTS NOT CONTAINING TELEPHONE NUMBER FOR INFORMATION CONTACT

1 See Institute Memorandum to Tax Members No. 33-96, Operations Members No. 36-96 and Transfer Agent Advisory Committee No. 46-96, dated August 6, 1996. 2 As suggested by the Institute, the "information contact" may be, for example, the department with the relevant information. August 30, 1996 TO: TAX MEMBERS No. 40-96 OPERATIONS MEMBERS No. 40-96 TRANSFER AGENT ADVISORY COMMITTEE No. 53-96 RE: ONE-YEAR PENALTY WAIVER FOR TAX STATEMENTS NOT CONTAINING TELEPHONE NUMBER FOR INFORMATION CONTACT _____ As

we previously informed you,¹ the recently-enacted "Taxpayer Bill of Rights 2" legislation includes a requirement that certain tax information statements sent to payees (including Internal Revenue Service ("IRS") Forms 1099-DIV and 1099-B) include a telephone number for the payors "information contact."² Pursuant to the statute, this new requirement applies to statements required to be sent after December 31, 1996 (including, for example, IRS Forms 1099-DIV mailed in 1997 reporting dividends paid during 1996). We are pleased to inform you that IRS has announced a one-year waiver of penalties with respect to this new requirement. Specifically, the attached announcement provides that the "reasonable cause" defense against penalties will be available to any payor failing to include a telephone number for its information contact on statements sent with respect to payments made during 1996, so long as the telephone number is included on "the next statement required to be provided (generally for 1997)." We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment Note: Not all recipients of this memo will receive an attachment. If you wish to obtain a copy of the attachment referred to in this memo, please call the Institute's Information Resource Center at (202)326-8304, and ask for this memo's attachment number: 8187.