

MEMO# 10459

November 6, 1998

1998 SCHEDULE D FOR REPORTING CAPITAL GAINS AND LOSSES

1 See, e.g., Institute Memorandum to Accounting/Treasurers Members No. 31-98, Closed-End Investment Company Members No. 38-98, Operations Members No. 29-98, Tax Members No. 36-98, Transfer Agent Advisory Committee No. 70-98 and Unit Investment Trust Members No. 29-98, dated October 22, 1998. 2 See, Institute Memorandum to Tax Members No. 38-97, Accounting/Treasurers Members No. 42-97, Broker/Dealer Advisory Committee No. 16-97, Closed-End Investment Company Members No. 30-97, Operations Members No. 23-97, Transfer Agent Advisory Committee No. 57-97 and Unit Investment Trust Members No. 42-97, dated October 17, 1997. [10459] November 6, 1998 TO: ACCOUNTING/TREASURERS MEMBERS No. 37-98 BROKER/DEALER ADVISORY COMMITTEE No. 17-98 CLOSED-END INVESTMENT COMPANY MEMBERS No. 40-98 OPERATIONS MEMBERS No. 31-98 TAX MEMBERS No. 40-98 TRANSFER AGENT ADVISORY COMMITTEE No. 75-98 UNIT INVESTMENT TRUST MEMBERS No. 30-98 RE: 1998 SCHEDULE D FOR REPORTING CAPITAL GAINS AND LOSSES

The Internal Revenue Service ("IRS") has released the attached Form 1040 Schedule D, Capital Gains and Losses, and instructions, that will be used by individuals to report capital gains and losses realized during 1998. One noteworthy change to the instructions is the inclusion of new material (including a copy of an IRS Form 1099-DIV from an investment company) explaining how capital gain distribution information reported to fund shareholders on a Form 1099-DIV should be reported on the Schedule D. The 1998 Schedule D is quite similar to the 1997 Schedule D, even though Congress this year made several changes to the capital gains reporting rules (including the elimination of most instances of capital gain transactions subject to tax at any maximum rate in excess of 20 percent).¹ For example, like the 1997 Schedule D, the 1998 Schedule D includes 54 lines and must be filed by every fund shareholder who receives a capital gain dividend or realizes a capital gain or loss on the redemption or sale of fund shares.² Keith D. Lawson Senior Counsel 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 Library Services Division at (202)326-8304, and ask for this memo's attachment number: 10459.