

MEMO# 3523

February 18, 1992

RETURN OF CAPITAL SOP

February 18, 1992 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 11-92 INDEPENDENT ACCOUNTANTS ADVISORY GROUP RE: AICPA STATEMENT OF POSITION ON RETURN OF CAPITAL _____ Enclosed for your review is a copy of the AICPA's Proposed Statement of Position (SOP): Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. The proposal would require, among other things, that distributions to shareholders in excess of GAAP-basis net income and realized capital gains be charged (1) to undistributed net investment income or accumulated net realized capital gains, as appropriate, to the extent they are attributable to book/tax timing differences, and (2) to paid-in capital to the extent they are attributable to permanent book/tax differences. Comments are due to the AICPA by April 10, 1992. Please provide the Institute with any comments you wish to have included in the Institute's response by March 31, 1992. Donald J. Boteler Assistant Vice President - Operations Enclosure

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