

MEMO# 2374

December 20, 1990

IRS POSTPONES NEW FILING REQUIREMENTS FOR FORM 5452 (CORPORATE REPORT OF NONDIVIDEND DISTRIBUTIONS)

- 1 - December 20, 1990 TO: TAX MEMBERS NO. 57-90 ACCOUNTING/TREASURERS MEMBERS NO. 30-90 CLOSED-END FUND MEMBERS NO. 51-90 UNIT INVESTMENT TRUST MEMBERS NO. 77-90 RE: IRS POSTPONES NEW FILING REQUIREMENTS FOR FORM 5452 (CORPORATE REPORT OF NONDIVIDEND DISTRIBUTIONS)

As you may know, IRS Form 5452 (Corporate Report of Nondividend Distributions) provides that any corporation, including any regulated investment company ("RIC"), making a return of capital payment must file Form 5452 with the IRS by February 28 in order to advise shareholders on Forms 1099-DIV mailed in January of that year that they received a return of capital during the preceding calendar year. In 1989, the IRS amended Form 5452 to require for the first time that the Form and all supporting documents (including certain pages from the corporation's federal income tax return) be filed by February 28, with no extensions, if a corporation reported a return of capital as such (rather than as taxable income) on Forms 1099-DIV mailed in January. In January 1990, following requests from the Institute and others for relief from this burdensome requirement, the IRS announced that its amendment to Form 5452 would not apply to Forms filed for calendar year 1989 distributions and, consequently, that requests for extensions to file Form 5452 with all supporting documents would be granted. (See Institute Memorandum to Tax Members No. 5-90 and Unit Investment Trust Members No. 7-90, dated January 29, 1990). Thereafter, the Institute proposed alternatives whereby RICs could continue reporting return of capital distributions as such to shareholders on Forms 1099-DIV without filing Form 5452 and all supporting documents by February 28. (See Institute Memorandum to Tax Committee No. 15-90, Accounting/Treasurers Committee No. 20-90, Closed-End Fund Committee No. 16-90 and Unit Investment Trust Committee No. 31-90, dated July 19, 1990). In the attached Announcement, the IRS again postpones the implementation of the revised requirements for obtaining an - 2 - extension to file Form 5452 with all supporting documents. Thus, - 3 - for nondividend distributions made in calendar year 1990, funds will be permitted to inform shareholders on Forms 1099-DIV mailed in January 1991 of return of capital payments without being required to file all supporting documents with IRS Form 5452 by February 28, 1991. The Institute will continue to seek a permanent resolution of this issue and will keep you informed of developments.

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