

**MEMO# 17811**

July 29, 2004

## **IRS AND TREASURY RELEASE 2004-2005 PRIORITY GUIDANCE PLAN**

[17811] July 29, 2004 TO: 529 PLAN MEMBERS No. 3-04 ACCOUNTING/TREASURERS MEMBERS No. 28-04 INTERNATIONAL MEMBERS No. 45-04 PENSION MEMBERS No. 42-04 PENSION OPERATIONS ADVISORY COMMITTEE No. 53-04 TAX MEMBERS No. 37-04 TRANSFER AGENT ADVISORY COMMITTEE No. 66-04 RE: IRS AND TREASURY RELEASE 2004-2005 PRIORITY GUIDANCE PLAN The Internal Revenue Service ("IRS") and the Treasury Department have released their "2004-2005 Priority Guidance Plan" (attached) listing their priorities for tax regulations and other administrative guidance through June 30, 2005. We are pleased to report that the following projects requested by the Institute<sup>1</sup> have been included on the plan: Items of Interest to Regulated Investment Companies ("RICs") and RIC Shareholders • Guidance for RICs and REITs concerning section 1(h). • Guidance on the definition of "qualified foreign corporation" for purposes of taxation of dividends received by individuals.<sup>2</sup> • Guidance on the PFIC provisions. • Guidance addressing the accrual of interest on nonperforming loans. • Proposed regulations on the flow through of foreign tax credits for RICs. 1 See Institute Memorandum No. 17459, to Tax Members No. 23-04, Pension Members No. 27-04, Accounting/Treasurers Members No. 19-04, International Members No. 24-04, Transfer Agent Advisory Committee No. 40-04 and 529 Plan Advisory Committee No. 17-04, dated May 4, 2004. 2 See Institute Memorandum No. 16341, to International Members No. 25-03 and Tax Members No. 36-03, dated July 25, 2003. 2 • Final regulations under section 6031 on the reporting requirements of tax-exempt bond partnerships. Education Savings Items • Regulations under section 529 regarding qualified tuition programs. Retirement Savings Items • Guidance under section 401(a)(31) on the default rollover of involuntary distributions. • Guidance under section 402A on Roth 401(k) elective contributions. • Final regulations under section 401(k) and (m). The 2004-2005 Priority Guidance Plan also includes numerous other projects that are, or may be, of interest to RICs and RIC shareholders and to retirement savings. These projects include: Items of Interest to RICs and RIC Shareholders • Guidance regarding redemptions of corporate stock. • Guidance under section 355. • Guidance under section 382. • Final regulations under section 358 regarding allocation of basis. • Proposed regulations regarding accruals on sales of REMIC regular interests between payment dates. • Final regulations under section 263(g). • Final regulations on notional principal contracts. • Guidance under section 1441. • Revisions to Circular 230 regarding practice before the IRS.<sup>3</sup> • Guidance on securities lending. 3 See Institute Memorandum No. 17204, to Fixed-Income Advisory Committee No. 5-04, Money Market Funds Advisory Committee No. 6-04 and Tax Members No. 16-04, dated March 18, 2004 and Institute Memorandum No. 17307, to Fixed-Income Advisory Committee No. 6-04, Money Market Funds Advisory Committee No. 7-04 and Tax Members No. 19-04, dated March 29, 2004. 3 • Regulations concerning the treatment of currency gain or loss. • Guidance on the treatment of certain financial

products for withholding purposes. • Guidance under section 704(b) regarding the allocation of foreign tax credits. • Guidance under section 704(c). • Final regulations under section 817 on life insurance and annuity contracts. • Guidance on the application of the diversification look-through rule under section 817 to tiered investment companies. • Update to Rev. Proc. 2004-23 regarding method of accounting changes for intangibles. • Guidance necessary to facilitate electronic tax administration. Retirement Savings Items • Procedural guidance with respect to group trusts. • Guidance on IRA abuses. • Final regulations under section 411(d)(6)(E). • Proposed regulations under section 415. • Guidance on electronic communications. • Additional guidance on the relative value of optional forms of benefit. • Guidance under section 401(a)(4). • Guidance under section 401(b) on the staggered remedial amendment period. Lisa Robinson Assistant Counsel Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 17811, or call the ICI Library at (202) 326-8304 and request the attachment for memo 17811. ) 4

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