

MEMO# 4799

May 18, 1993

IRS ISSUES REVENUE PROCEDURE FOR SUBSTITUTE FORMS 1099 AND 5498 AND PROVIDES SPECIAL RULES FOR FUND COMPLEXES

11/ See Institute Memorandum to Tax Committee No. 12-93, Operations Committee No. 10-93 and Transfer Agent Advisory Committee No. 20-93, dated March 11, 1993. May 18, 1993 TO: TAX MEMBERS NO. 15-93 PENSION MEMBERS NO. 20-93 OPERATIONS MEMBERS NO. 23-93 CLOSED-END FUND COMMITTEE NO. 15-93 UNIT INVESTMENT TRUST COMMITTEE NO. 25-93 ACCOUNTING/TREASURERS COMMITTEE NO. 19-93 TRANSFER AGENT ADVISORY COMMITTEE NO. 34-93 RE: IRS ISSUES REVENUE PROCEDURE FOR SUBSTITUTE FORMS 1099 AND 5498 AND PROVIDES SPECIAL RULES FOR FUND COMPLEXES

We are pleased to inform you that the attached IRS revenue procedure (Rev. Proc. 93-24), which provides the requirements for preparing paper substitutes for certain identified forms and for furnishing substitute statements to form recipients, adopts the changes suggested by the Institute for combining certain tax information with respect to multiple investments made by a single investor in a fund complex.^{1/1} The requirements contained in this revenue procedure apply to payments made during calendar year 1993 and, in the case of Forms 5498, to contributions made for 1993. Specifically, the new IRS revenue procedure permits a mutual fund complex to (1) include Form 1099-DIV dividend information for multiple funds on one document (e.g., one piece of paper), (2) include Form 1099-B gross proceeds information for multiple funds on one document and (3) include 1099-DIV and 1099-B information on a composite form. In the case of both 1099-DIV and 1099-B information, the fund and the relevant earnings/ proceeds information from each must be separately stated. In addition, the form must contain an instruction to the recipient that each fund name, not the name of the mutual fund complex, must be reported on the recipient's tax return. Finally, the form cannot contain an aggregate total of all funds. Section 2 of Part A of the revenue procedure also describes ^{2/2} See Institute Memorandum to Tax Members No. 26-92, Pension Members No. 7-92, Operations Members No. 18-92, Closed-End Fund Committee No. 8-92, Unit Investment Trust Committee No. 23-92, Accounting/Treasurers Committee No. 19-92 and Transfer Agent Advisory Committee No. 24-92, dated April 21, 1992. - 1 - other changes made by Rev. Proc. 93-24 to Rev. Proc. 92-30, which it supersedes, including a change relating to Form 5498. The revenue procedure provides that if an IRA trustee does not issue Form 5498 because no contributions were made to the IRA for the year, then the year-end fair market value statement must contain a legend indicating which information is being furnished to the IRS. We will keep you informed of developments. Keith D. Lawson
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