

MEMO# 7095

July 7, 1995

SURVEY OF AVERAGE COST BASIS REPORTING PRACTICES

ACTION REQUESTED VIA FAX July 7, 1995 TO: TAX COMMITTEE No. 26-95
ACCOUNTING/TREASURERS COMMITTEE No. 25-95 OPERATIONS COMMITTEE No. 22-95
TRANSFER AGENT ADVISORY COMMITTEE No. 38-95 RE: SURVEY OF AVERAGE COST BASIS
REPORTING PRACTICES

As you know, Congress has been considering legislation (such as H.R. 3419 -- last year's tax simplification bill) that would require the reporting of average cost basis information to certain redeeming mutual fund shareholders. Since this legislation was first introduced, the Institute has provided technical comments on the proposal and called attention to the widespread, voluntary provision of average cost basis reports to mutual fund shareholders. During upcoming House Ways and Means Committee hearings on "miscellaneous tax reforms," Congress will revisit cost basis reporting and consider "deleting the [cost basis reporting] requirement in H.R. 3419 because it is understood that much of the industry is voluntarily reporting basis to shareholders." In conjunction with these hearings, the Institute intends to submit written testimony updating Congress on the industry's voluntary efforts. To assist us in preparing this testimony, we request that each firm with membership on the Tax, Accounting/Treasurers, Operations or Transfer Agent Advisory Committee complete the attached confidential survey and return it by fax -- to (202) 326-5841 -- by Friday, July 14. If you have any questions regarding this survey or cost basis reporting legislation, please call me at (202) 326-5832. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment

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