

MEMO# 3303

November 27, 1991

HAWAII CHANGES TREATMENT OF DIVIDENDS DERIVED FROM INCOME ON REPURCHASE AGREEMENTS WITH RESPECT TO FEDERAL OBLIGATIONS

November 27, 1991 TO: MEMBERS - ONE PER COMPLEX NO. 63-91 CLOSED-END FUND MEMBERS NO. 51-91 TAX MEMBERS NO. 56-91 UNIT INVESTMENT TRUST MEMBERS NO. 60-91 ACCOUNTING/TREASURERS MEMBERS NO. 32-91 RE: HAWAII CHANGES TREATMENT OF DIVIDENDS DERIVED FROM INCOME ON REPURCHASE AGREEMENTS WITH RESPECT TO FEDERAL OBLIGATIONS _____ In

response to the Institute's 1991 survey of state income taxation, Hawaii indicated that it did not tax regulated investment company ("RIC") dividends derived from income on repurchase agreements with respect to federal obligations. (See Institute Memorandum to Members - One Per Complex No. 60-91, Closed-End Fund Members No. 49-91, Tax Members No. 50-91, Unit Investment Trust Members No. 56-91 and Accounting/Treasurers Members No. 31-91, dated November 20, 1991, at page 1-2.) This response was identical to that provide by the state in response to the 1990 state income tax survey. After the 1991 survey results had been sent to members, Hawaii informed the Institute that it had reconsidered its treatment of dividends derived from repurchase agreements and would no longer exempt such income from state tax. The chart on page 1-2 (attached) of the 1991 state tax survey has been modified to reflect this change. We will keep you informed of further developments. David J. Mangefrida, Jr. Assistant Counsel - Tax Attachment DJM:bmb

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