

MEMO# 5860

May 13, 1994

IRS ISSUES REVENUE PROCEDURE FOR 1994 SUBSTITUTE-FORMS 1099 AND 5498 AND OUTLINES POSSIBLE CHANGES FOR 1995 FORM

May 13, 1994 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 23-94 CLOSED-END FUND COMMITTEE NO. 12-94 OPERATIONS MEMBERS NO. 20-94 PENSION MEMBERS NO. 13-94 TAX MEMBERS NO. 22-94 TRANSFER AGENT ADVISORY COMMITTEE NO. 23-94 UNIT INVESTMENT TRUST COMMITTEE NO. 34-94 RE: IRS ISSUES REVENUE PROCEDURE FOR 1994 SUBSTITUTE FORMS 1099 AND 5498 AND OUTLINES POSSIBLE CHANGES FOR 1995 FORM _____ The attached IRS revenue procedure (Rev. Proc. 94-35) provides specific rules for preparing paper substitutes for certain identified forms and for furnishing substitute statements to form recipients. The requirements contained in the revenue procedure apply to payments made during calendar year 1994 and, in the case of Forms 5498, to contributions made for 1994. In addition, the revenue procedure describes proposed changes to the requirements that would apply to statements reporting income received during 1995. Section 2 of Part A describes changes made by Rev. Proc. 94-35 to Rev. Proc. 93-24, which it supersedes. (See Institute Memorandum to Accounting/Treasurers Committee No. 19-93, Closed-End Fund Committee No. 15-93, Operations Members No. 23-93, Pension Members No. 20-93, Tax Members No. 15-93, Transfer Agent Advisory Committee No. 34-93 and Unit Investment Trust Committee No. 25-93, dated May 18, 1993.) Among the changes made is that the instructions to the payer that formerly appeared on the back of copy A, now are to appear on the back of copy C, the copy retained by the payer. The revenue procedure also describes, in section 3 of part A, proposed new requirements for substitute forms for 1995 that were first disclosed in Announcement 94-44. (See Institute Memorandum to Operations Members No. 12-94, Tax Members 14-94 and Transfer Agent Advisory Committee No. 14-94, dated April 14, 1994.) The proposed changes would require all substitutes to prominently display the tax year, form number and form name in a single area of the statement. The practice of providing instructions for more than one form would be prohibited unless the payor uses a composite report for more than one type of information statement (such as combined Forms 1099-B and 1099-DIV) and the payor is actually reporting information for each type of statement. In addition, the proposal sets new standards for the quality of carbon copies used to produce information statements. Comments on the proposed changes are due May 31, 1994. Please contact the undersigned at (202) 326-5837 with any suggestions for Institute comments on the proposal. We will keep you informed of developments. Peter J. Cinquegrani Assistant Counsel - Tax Attachment

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