

MEMO# 3162

October 7, 1991

SIA AND IRS REQUESTS FOR INFORMATION

- 1 - October 7, 1991 TO: TRANSFER AGENT ADVISORY COMMITTEE NO. 48-91 RE: SIA AND IRS REQUESTS FOR INFORMATION

Recently, the Institute received two requests for information, one from the Securities Industry Association ("SIA") and the other from the Internal Revenue Service ("IRS"). Attached to this memorandum is a short survey regarding these requests that we ask you to complete and fax to Kathleen Joaquin of our Operations Department at (202) 293-1058. As you may know, the Institute has endorsed a proposal by the SIA to extend the due date for sending IRS Forms 1099 to payees from January 31 to February 15. When the SIA requested a meeting with the IRS Commissioner to discuss this proposal, they were asked how many payee statements, that are "incorrect" because the January 31 deadline does not provide sufficient time to determine the correct information, would be "correct" if the deadline were extended to February 15. The SIA has asked us to help them answer these questions. Thus, the first part of the survey asks several questions designed to help gather this information. In addition, the IRS has asked for information regarding the likely usage of their planned on-line taxpayer identification number ("TIN") verification system. As we discussed at the recent Committee meeting, this TIN verification system will be a voluntary method of determining, when a new account is opened, whether the TIN received on an account will "match" the payee's name. Specifically, payors will be permitted to create a 13 character record -- 4 characters for the so-called "name control", i.e., the first four letters of the payee's last name, and 9 characters for the 9 digit TIN (either a social security number or an employer identification number) -- and transmit these records electronically to the IRS Martinsburg Computing Center, which would then immediately respond "match" or "no match" to each record. The second part of the survey asks for information that will assist IRS in developing a useful system. We will keep you informed of developments.

- 2 - Keith D. Lawson
Associate Counsel - Tax Kathleen C. Joaquin Director - Operations/Fund Accounting
Attachment