

MEMO# 4795

May 20, 1993

MAY 25 MEETING ON CLINTON PROPOSAL TO TREAT ALL MARKET DISCOUNT AS ORDINARY INCOME

May 20, 1993 TO: TAX COMMITTEE NO. 27-93 ACCOUNTING/TREASURERS COMMITTEE NO. 20-93 RE: MAY 25 MEETING ON CLINTON PROPOSAL TO TREAT ALL MARKET DISCOUNT AS ORDINARY INCOME _____ As we

previously informed you, the Clinton Administration has proposed to treat disposition gain representing accrued market discount on taxable bonds issued prior to July 18, 1984 and on all tax-exempt bonds, if such bonds are purchased after April 30, 1993, as ordinary income rather than capital gain. (See Institute Memorandum to Tax Members No. 13-93 and Accounting/Treasurers Members No. 14-93, dated May 4, 1993.) This provision was included in the tax bill (H.R. 1960) that was approved late last week by the House Ways and Means Committee. A meeting to discuss this provision, and in particular its effect on tax-exempt bond funds, will be held at the Institute on Tuesday May 25, at 10:00 a.m. Please call Theresa Brice at (202) 955-3525 by Monday May 24 if you plan to attend the meeting. Lunch will be served after the meeting has concluded. Keith D. Lawson Associate Counsel - Tax