

MEMO# 3259

November 13, 1991

IRS REVENUE PROCEDURE FOR MAINTAINING RECORDS PRODUCED ON AUTOMATIC DATA PROCESSING SYSTEM

November 13, 1991 TO: TAX MEMBERS NO. 49-91 OPERATIONS MEMBERS NO. 28-91
TRANSFER AGENT ADVISORY COMMITTEE NO. 51-91 RE: IRS REVENUE PROCEDURE FOR
MAINTAINING RECORDS PRODUCED ON AUTOMATIC DATA PROCESSING SYSTEM

Section 6001 of the Internal Revenue Code and related regulations require taxpayers to keep books and records sufficient to establish the amount of items (such as income) required to be shown on a tax return, to make these books and records available to the Internal Revenue Service ("IRS") and to retain these books and records for so long as they may be material in the administration of the tax laws. The applicable records of a regulated investment company ("RIC") would include records relating to both the determination of the RIC's own tax liability, if any (including the determination of the RIC's investment company taxable income) and the character of the income (such as capital gain dividends) distributed to shareholders. The attached IRS revenue procedure (Rev. Proc. 91-59) sets forth certain guidelines for maintaining taxpayer records on an Automatic Data Processing ("ADP") system. The specific recordkeeping requirements contained in section 5 of the revenue procedure include requirements to retain records in a retrievable format, document the ADP portion of the accounting system and periodically check the retained records. The revenue procedure, which updates a revenue procedure issued in 1986, is effective for taxable years beginning after December 31, 1991. Revenue Procedure 91-59 applies to all taxpayers with assets of \$10 million or more and to other taxpayers if certain conditions, contained in section 2.04 of the revenue procedure, are met. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment