

**MEMO# 5639**

March 3, 1994

## **IRS RELEASES 1994 GUIDANCE PRIORITIES**

\* See, for example, Institute Memorandum to Tax Committee No. 7-93 and Accounting/Treasurers Committee No. 5-93, dated January 21, 1993. March 3, 1994 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 9-94 TAX COMMITTEE NO. 8-94 RE: IRS RELEASES 1994 GUIDANCE PRIORITIES

The Internal Revenue Service ("IRS") has released the attached document, "1994 Guidance Priorities", which follows the same general format as the "business plans" released by the IRS in recent years.\* The list of guidance priorities identifies 135 areas in which regulations and other administrative guidance realistically can be completed by year-end. Among the projects of interest to regulated investment companies ("RICs") and their shareholders are the following: ! Guidance under section 475 and related provisions on mark-to-market accounting for securities dealers. ! Guidance on the interaction of sections 706 and 4982 with respect to master fund - feeder fund arrangements of regulated investment companies. ! Guidance on whether a regulated investment company may deduct section 12b-1 fees as trade or business expenses when computing its investment company taxable income. ! Final regulations under section 246(c) on certain issues relating to the dividends received deduction. ! Proposed regulations under section 1258 on selected conversion transaction issues. ! Final regulations on original issue discount under section 1271 et seq. ! Proposed regulations under section 1275 on debt instruments with contingent payments. ! Temporary regulations on the election to apply section 197 to intangibles acquired after July 25, 1991. ! Proposed revisions to regulations under section 1441 regarding withholding rules on fixed and determinable annual or periodical income. ! Final regulations under section 704(c) on the remedial allocation method and securities aggregation. ! Final regulations concerning when a modification of a debt instrument is an exchange under section 1001. ! Additional guidance on Indopco. ! Temporary regulations and a revenue procedure relating to the establishment of a TIN matching program to allow a payor to check whether a name/TIN combination provided by a payee matches a name/TIN combination on file with the Service. Among the items included on earlier "business plans" that are omitted from this list of "guidance priorities" are: ! A revenue ruling on the value of various financial products for RIC diversification purposes. ! A revenue ruling on the portion of earnings and profits an open-end fund may allocate to a redeeming shareholder for purposes of the dividends paid deduction. \* \* \* We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment

abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.