

**MEMO# 4700**

April 16, 1993

# **IRS CONSIDERS REMOVAL OF NONPAYROLL ITEMS FROM IRS FORM 941**

- 1 - April 16, 1993 TO: TAX COMMITTEE NO. 22-93 PENSION COMMITTEE NO. 14-93  
OPERATIONS COMMITTEE NO. 15-93 TRANSFER AGENT ADVISORY COMMITTEE NO. 27-93  
RE: IRS CONSIDERS REMOVAL OF NONPAYROLL ITEMS FROM IRS FORM 941

As we previously informed you, last summer the Institute filed written comments and testified on amendments to the regulations under section 6302 of the Internal Revenue Code that provide rules for depositing "employment taxes", including payroll taxes, pension and annuity withholding amounts and backup withholding amounts. (See Institute Memoranda to Tax Committee No. 29-92, Pension Committee No. 27-92, Operations Committee No. 21-92 and Transfer Agent Advisory Committee No. 42-92, dated August 3, 1992; and to Tax Committee No. 28-92, Pension Committee No. 26-92, Operations Committee No. 20-92 and Transfer Agent Advisory Committee No. 39-92, dated July 24, 1992.) In its comments and testimony, the Institute supported the distinctions made for deposit purposes between backup withholding and other withheld tax amounts and further urged that separate tax deposit rules be provided for pension and annuity withholding. In the attached IRS Announcement (No. 93-51), the IRS provides proof copies of proposed revisions to various IRS tax deposit forms. Of particular interest to investment companies is a proposal to remove from IRS Form 941 (Employee's Quarterly Federal Tax Return) all nonpayroll items, such as backup withholding and withholding for pensions and annuities. An annual return -- IRS Form 945 (Annual Return of Withheld Federal Income Tax) -- would be used to report these nonpayroll items for 1994 (with the first such return due in 1995). The IRS would like to receive comments on these forms by June 1, 1993. If you have comments that you would like the Institute to submit, please call the undersigned at (202) 955- 3585 no later than May 17. We will keep you informed of developments.

- 2 - Keith D. Lawson Associate Counsel - Tax Attachment