

MEMO# 8698

March 7, 1997

IRS AND TREASURY RELEASE 1997 BUSINESS PLAN

March 7, 1997 TO: TAX COMMITTEE No. 8-97 ACCOUNTING/TREASURERS COMMITTEE No. 7-97 UNIT INVESTMENT TRUST COMMITTEE No. 13-97 TRANSFER AGENT ADVISORY COMMITTEE No. 11-97 RE: IRS AND TREASURY RELEASE 1997 BUSINESS PLAN

In the attached "1997 Guidance Priorities," the Internal Revenue Service ("IRS") and the Treasury Department have announced their 1997 priorities for tax regulations and other administrative guidance. IRS and Treasury intend to issue regulations/guidance on the almost 170 projects identified in this document by year-end. Among the projects of interest to regulated investment companies ("RICs") and their shareholders are the following: * Guidance under section 562(c) regarding the treatment of waivers and reimbursements in multiple-class RICs. * Final regulations under section 171 relating to the amortization of bond premium. * Guidance under section 475 on selected issues relating to mark-to-market accounting. * Guidance regarding financial asset securitization investment trusts ("FASITs"). * Guidance under section 1092(c)(4) on the treatment of certain equity options listed on an exchange that do not have standard terms. * Proposed regulations under section 671 regarding reporting requirements for widely held fixed investment trusts. * Guidance under the passive foreign investment company ("PFIC") provisions. * Regulations regarding withholding on payments to foreign persons and reporting requirements. - 2 - * Final regulations under section 865(j) on sourcing losses from the disposition of stock. * Guidance regarding capitalization issues. * Final regulations under sections 166 and 1001 regarding when a modification of a debt instrument is an exchange. * Guidance under section 3406 regarding taxpayer identification number matching. * Revenue procedures under section 6001 regarding maintaining taxpayer records on an electronic storage system and on an automated data processing system. * Revenue procedure under section 6302 regarding filing federal tax deposit information on magnetic media. * * * * * We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment (in .pdf format)