

MEMO# 19478

December 14, 2005

HOUSE APPROVES H.R. 4297, THE "TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005"

©2005 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19478] December 14, 2005 TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 15-05 FEDERAL LEGISLATION MEMBERS No. 6-05 TAX MEMBERS No. 35-05 RE: HOUSE APPROVES H.R. 4297, THE "TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005" We are pleased to inform you that the "Tax Relief Extension Reconciliation Act of 2005," H.R. 4297, approved by the House of Representatives, includes a two-year extension of the 15 percent maximum tax rate on long-term capital gains and qualified dividend income. 1 These reduced rates, enacted in 2003 by the Jobs and Growth Tax Relief Reconciliation Act², presently are scheduled to expire after 2008. Under current law, the 5% rate goes to zero in 2008. The bill's extension provision would retain this zero rate for 2009 and 2010. Lisa Robinson Associate Counsel 1 Go to

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f:h4297pcs.txt.pdf to see the most recent version of the bill (dated December 12, 2005) as placed on the Senate calendar. The 15% tax rate provision is in section 203 of the bill. 2 See Institute Memorandum (16113) to Tax Members No. 31-03, Accounting/Treasurers Members No. 28-03, Operations Members No. 16-03, International Members No. 18-03 and Transfer Agent Advisory Committee No. 53- 03.