

MEMO# 4826

May 25, 1993

JUNE 2 MEETING ON CLINTON MARKET DISCOUNT PROPOSAL

May 25, 1993 TO: TAX COMMITTEE NO. 29-93 ACCOUNTING/TREASURERS COMMITTEE NO. 22-93 RE: JUNE 2 MEETING ON CLINTON MARKET DISCOUNT PROPOSAL

_____ As you know, the Clinton Administration has proposed to treat disposition gain representing accrued market discount on tax-exempt bonds purchased after April 30, 1993 as ordinary income rather than capital gain. (See Institute Memorandum to Tax Members No. 13-93 and Accounting/Treasurers Members No. 14-93, dated May 4, 1993.) The meeting which had tentatively been scheduled for May 25 to discuss this issue has now been rescheduled and will be held at the Institute on Wednesday, June 2, at 10:00 a.m. At the meeting, we will consider (1) the effect of this provision on tax-exempt bond funds, (2) possible modifications to this provision, (3) policy arguments in support of any proposed modification and (4) the importance of this issue relative to other items on the Institute's tax legislative agenda. If you plan to attend the meeting on June 2, please call Theresa Brice at (202) 955-3525 by Friday, May 28. Lunch will be served after the meeting has concluded. Keith D. Lawson Associate Counsel - Tax

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