

MEMO# 17028

January 29, 2004

IRS PROPOSAL TO RE-DEFINE TAX SHELTER OPINIONS TO INCLUDE MUNICIPAL SECURITIES BOND COUNSEL OPINIONS

[17028] January 29, 2004 TO: FIXED-INCOME ADVISORY COMMITTEE No. 1-04 MONEY MARKET FUNDS ADVISORY COMMITTEE No. 2-04 RE: IRS PROPOSAL TO RE-DEFINE TAX SHELTER OPINIONS TO INCLUDE MUNICIPAL SECURITIES BOND COUNSEL OPINIONS The Treasury Department has issued a proposal to modify certain regulations governing practice before the Internal Revenue Service (Circular 230).¹ A copy of Circular 230 is attached. The proposed modifications would, among other things, amend the definition of tax shelter opinion to include bond counsel opinions relating to the issuance of tax-exempt obligations of state and local governments.² Comments on Treasury's proposal are due by Wednesday, February 11, 2004 We have scheduled a conference call for Thursday, February 5, 2004 to discuss Circular 230 and the extent that it raises issues for Institute members. The call-in telephone number is (800) 369-1176 and the passcode is 20127. Please contact my assistant, Stephanie Holly, to let her know if you will be participating on the call. She can be reached by phone at (202) 326- 5814, by fax at (202) 326-5827, or by email at sholly@ici.org. If you will be unable to participate on the call, but would like to provide comment on the proposal, please contact me before the call. I can be reached by phone at (202) 326-5923, by fax at (202) 326-5827, or by email at bsimmons@ici.org. Barry E. Simmons Associate Counsel Attachment (in .pdf format) 1 See Regulations Governing Practice Before the Internal Revenue Service, 31 CFR Part 10 (December 19, 2003); 68 Fed. Reg. 75186 (December 30, 2003). 2 As we understand it, this would eliminate the long-standing practice of excluding bond counsel opinions from the definition of tax shelter opinions.