

**MEMO# 2705**

April 22, 1991

# **MEETING ON PROPOSED IRS COORDINATED ISSUE ON CAPITALIZATION AND AMORTIZATION OF EXPENSES OF ORGANIZING FUNDS**

April 22, 1991 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 7-91 TAX COMMITTEE NO. 11-91 RE: MEETING ON PROPOSED IRS COORDINATED ISSUE ON CAPITALIZATION AND AMORTIZATION OF EXPENSES OF ORGANIZING FUNDS

The Internal Revenue Service has recently informed us that it is proposing to make the tax treatment of costs incurred by investment advisers in creating new mutual funds a "coordinated issue". (See Institute Memorandum to Tax Committee No. 10-91 and Members - One Per Complex No. 16-91, dated April 15, 1991). A coordinated issue is one in which the Service develops a uniform position on a matter which potentially affects an entire industry. Taxpayers in that industry may then be targeted with respect to the coordinated issue, and the Service generally applies the conclusions of the coordinated issue paper to all such taxpayers. Attached is a copy of the proposed coordinated issue paper. There will be a meeting on May 2, 1991 at 2:00 p.m. at the Institute's offices for all those who are interested in this issue. The meeting will discuss the proposed coordinated issue and attempt to develop the factual background necessary to respond appropriately to the Service. Please telephone Berlauder Barnes at (202) 955-3518 if you will be attending. David J. Mangefrida, Jr. Assistant Counsel - Tax Attachment DJM:bmb