

MEMO# 1681

January 29, 1990

ANNOUNCEMENT OF MODIFICATION OF IRS FORM 5452, CORPORATE REPORT OF NONDIVIDEND DISTRIBUTIONS

- 1 - January 29, 1990 TO: TAX MEMBERS NO. 5-90 UNIT INVESTMENT TRUST MEMBERS NO. 7-90 RE: ANNOUNCEMENT OF MODIFICATION OF IRS FORM 5452, CORPORATE REPORT OF NONDIVIDEND DISTRIBUTIONS

IRS Form 5452 (Corporate Report of Nondividend Distributions) provides that any corporation, including any regulated investment company (RIC), making a return of capital payment must file Form 5452 with IRS if it wants to advise shareholders on Form 1099-DIV that they received a return of capital during the calendar year. Form 5452 is generally required to be filed, with various supporting documents, by February 28. Through last year, extensions of time to file Form 5452 were automatically granted provided the period requested did not extend beyond the time for filing the RIC's tax return (including extensions). Recently, IRS revised Form 5452 to permit extensions of time to file only where the RIC (1) has not filed its tax return for the year, (2) has not advised its shareholders that they have received a return of capital distribution and (3) is not requesting an extension beyond 9 months from the due date for filing its tax return (without extensions). The attached IRS Announcement provides that the revised requirements for obtaining an extension of time to file Form 5452 will not be in effect for calendar year 1989 distributions. Thus, RICs who made return of capital distributions for calendar year 1989 and who need an extension of time to file a complete Form 5452 should file the Form 5452, including as much information as currently available, no later than February 28, 1990, indicating the extension period needed. Provided the extension requested does not extend beyond the time for filing the RIC's tax return (including extensions), the extension will be automatically granted. - 2 - The announcement provides that this one year delay in the new requirements for filing Form 5452 will allow corporations additional time to prepare for the implementation of the revised extension procedures. We will keep you informed of developments. Keith D. Lawson Assistant General Counsel KDL:bmb Attachment