

MEMO# 1261

July 14, 1989

IRS ANNOUNCEMENT OF MAGNETIC TAPE SPECIFICATIONS FOR THIS FALL'S B NOTICES

- 1 - July 14, 1989 TO: TAX MEMBERS NO. 23-89 UNIT INVESTMENT TRUST MEMBERS NO. 36-89 CLOSED-END FUND MEMBERS NO. 29-89 OPERATIONS MEMBERS NO. 20-89 TRANSFER AGENT SHAREHOLDER ADVISORY COMMITTEE NO. 16-89 RE: IRS ANNOUNCEMENT OF MAGNETIC TAPE SPECIFICATIONS FOR THIS FALL'S B NOTICES

As we previously informed you, this fall the IRS will send B Notices notifying payors of accounts for which incorrect taxpayer identification numbers (TINs) were reported on 1988 information returns. (See Institute Memorandum to Tax Members No. 45-88, Unit Investment Trust Members No. 50-88, Closed-End Fund Members No. 42-88, Operations Members No. 25-88 and Transfer Agent Shareholder Advisory Committee No. 20-88, dated August 5, 1988.) Unlike the two B Notice "test run" mailings sent last year, this year's B Notice mailings will be "real" and payors will need to comply with the B Notice procedures set forth in the backup withholding regulations issued in November 1987 and amended in April 1989. (See Institute Memorandum to Tax Members No. 14-89, Unit Investment Trust Members No. 22-89, Closed-End Fund Members No. 18-89, Operations Members No. 15-89 and Transfer Agent Shareholder Advisory Committee No. 9-89, dated April 18, 1989 and Institute Memorandum to Tax Members No. 46-87, Unit Investment Trust Members No. 31-87, Closed-End Fund Members No. 5-87, Operations Members No. 29-87 and Transfer Agent Shareholder Advisory Committee No. 24-87, dated December 8, 1987.) The attached IRS announcement sets forth the magnetic tape specifications for the tapes on which the incorrect TIN information will be transmitted by the IRS to payors. If a payor has 500 or fewer incorrect TINs, however, the information will be transmitted to the payor on paper. The IRS believes that reviewing the tape specifications now will ensure sufficient time for payors to update their computer programs before receiving the tapes this fall. The attached announcement also states that the IRS will send B Notice mailings to payors in October. An IRS spokesperson - 2 - has informed the Institute that the date on the B Notice, which will be the B Notice's effective date for purposes of the requirement that payors send B Notices to payees within 5 business days after being notified of an incorrect TIN, will be October 16, 1989. When the B Notice regulations were amended in April 1989, the IRS stated that B Notice mailings would be sent to payors approximately 2 or 3 weeks before the B Notice's effective date. Consequently, it appears that the IRS will send the B Notices to payors in early October. We will keep you informed of developments. Keith D. Lawson Assistant General Counsel Attachment

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