

MEMO# 8961

June 2, 1997

IRS AUDITS--REQUEST TO SHARE IRS INFORMATION DOCUMENT REQUESTS

1 See Institute Memorandum to Tax Committee No. 17-97, dated May 20, 1997. ACTION REQUESTED June 2, 1997 VIA FAX TO: TAX COMMITTEE No. 19-97 TASK FORCE ON ADVISER/DISTRIBUTOR TAX ISSUES RE: IRS AUDITS--REQUEST TO SHARE IRS INFORMATION DOCUMENT REQUESTS

_____ A member of the Tax Committee suggested that it would be helpful for members to share copies of any information document requests ("IDRs") that they have received from the IRS in connection with the recent IRS initiative to audit investment companies. It would also be helpful for members to share IDRs received in connection with audits of fund advisers and distributors, for example, IDRs relating to the following: (1) the treatment by advisers of fund "start-up" expenses; (2) the treatment by advisers of expense waivers and reimbursements; and (3) the treatment by distributors of Rule 12b-1 fees received from funds. If you have IDRs that you are willing to share, please send them to the undersigned or Keith Lawson (fax: (202) 326-5841). The Institute will then circulate copies of the IDRs collected to members. In addition, we plan to discuss the IDRs at the special Tax Committee meeting scheduled for June 17 (the day before the regular Committee meeting) to discuss various tax issues affecting funds and their advisers and distributors.¹ Accordingly, we would appreciate receiving any IDRs by Thursday, June 12. Before sending an IDR to us, please delete any information that you do not want disclosed. It would be helpful if the IDRs were marked to indicate (1) the type of recipient (i.e., fund, adviser or distributor), and (2) for an IDR addressed to a fund, the general type of fund (e.g., tax-exempt or international). If you have any questions regarding this matter, please call the undersigned at (202) 326-5837 or Keith Lawson at (202) 326-5832. Anne M. Barr Associate Counsel - Tax