

MEMO# 4665

April 2, 1993

APRIL 14 MEETING ON DIVIDENDS PAID DEDUCTION FOR REDEMPTION PROCEEDS

April 2, 1993 TO: TAX COMMITTEE NO. 18-93 RE: APRIL 14 MEETING ON DIVIDENDS PAID
DEDUCTION FOR REDEMPTION PROCEEDS

As we previously informed you, the IRS' 1993 business plan includes a project to develop "a revenue ruling on the portion of earnings and profits an open-end fund may allocate to a redeeming shareholder for purposes of the dividends paid deduction," also known as "tax equalization." (See Institute Memorandum to Tax Committee No. 7-93, Accounting/Treasurers Committee No. 5-93, dated January 21, 1993.) During yesterday's Tax Committee meeting, the group considered the IRS' interest in the issue and possible solutions to the IRS' concerns, all of which are reflected in the attached memorandum. At the conclusion of this discussion, it was agreed to reconvene the Tax Committee to further consider the issue. Consequently, a meeting devoted exclusively to "tax equalization" will be held at the Institute on Wednesday, April 14, beginning at 10:00 a.m. Lunch will be served following the meeting. Please call Theresa Brice at (202) 955-3525 by Monday, April 12 if you plan to attend the meeting. A draft of the factual portion of a possible revenue ruling will be distributed prior to the meeting to those persons calling Theresa. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment