

MEMO# 8939

May 29, 1997

LETTER TO IRS ON ELECTRONIC SUBMISSIONS OF TAX CERTIFICATIONS

1 See e.g., Institute Memorandum to Tax Members No. 32-96, Operations Members No. 34-96 and Transfer Agent Advisory Committee No. 43-96, dated July 23, 1996. 2 See, Institute Memorandum to Pension Members No. 36-96, dated August 9, 1996. See also, Institute Memorandum to Pension Committee No. 13-97, dated May 22, 1997 (urging the Department of Labor to permit the electronic transmission of retirement plan documents, including summary plan descriptions and individual benefit statements). May 29, 1997 TO: TAX COMMITTEE No. 18-97 PENSION COMMITTEE No. 16-97 TRANSFER AGENT ADVISORY COMMITTEE No. 24-97 PENSION OPERATIONS ADVISORY COMMITTEE No. 14-97 RE: LETTER TO IRS ON ELECTRONIC SUBMISSIONS OF TAX CERTIFICATIONS

At the May meeting of the Internal Revenue Service's ("IRS's") Information Reporting Program Advisory Committee ("IRPAC"), representatives of IRPAC submitted the attached paper regarding electronic (e.g., telephonic, facsimile, digital or voice-authenticated) submissions. The paper recommends that IRS guidance be issued permitting the use of electronic means to satisfy reporting and withholding requirements with respect to the following IRS forms and statements: (1) withholding certificate for pension and annuity payments (Form W-4P); (2) notice of right to elect out of withholding; (3) request for taxpayer identification number and certificate (Form W-9); and (4) various forms relating to foreign payees (Forms 4224, 1001, 1078, 8709, and W-8). These recommendations are consistent with previous Institute suggestions that IRS permit (1) payors to accept faxed IRS Forms W-9 and W-81 and (2) the required tax withholding notice and individual elections regarding withholding, in the case of telephone redemptions from individual retirement accounts ("IRAs"), to be transmitted orally via telephone or voice response system ("VRS").² To emphasize the broad support within the financial services industry for the IRPAC recommendations, the attached joint letter recommending that IRS exercise its authority to permit financial service institutions to accept tax certifications and alternative signatures using electronic means was sent to IRS by the Institute, the Securities Industry Association, the American Bankers Association, the American Council of Life Insurers and the New York Clearing House Association. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachments