

MEMO# 6588

January 24, 1995

IRS DROPS CHANGE TO SUBSTITUTE FROM 1099 REQUIREMENTS

* See Institute Memorandum to Operations Members No. 12-94, Tax Members No. 14-94 and Transfer Agent Advisory Committee No. 14-94, dated April 14, 1994. January 24, 1995
TO: OPERATIONS MEMBERS No. 5-95 TAX MEMBERS No. 8-95 TRANSFER AGENT ADVISORY COMMITTEE No. 8-95 RE: IRS DROPS CHANGE TO SUBSTITUTE FROM 1099 REQUIREMENTS

The Institute is pleased to report that in the attached announcement the IRS has withdrawn a proposal that would have prohibited the practice of providing instructions for more than one type of Form 1099 on a single sheet of paper unless the payor used a composite statement and actually reported information for each type of statement. The Institute strongly opposed the proposed rule in meetings with the IRS. The proposal was one of three changes to the requirements for substitute statements for Forms 1099, 1098, 5498 and W-2G that were proposed in an IRS announcement published in April, 1994.* The two remaining changes, requiring all substitute forms to prominently display the tax year, form number and form name in a single area of the statement and setting standards for the quality of any carbon copies used to produce statements will take effect for statements reporting income received during 1995, that will be mailed to payees in January 1996. We will keep you informed of further developments. Peter J. Cinquegrani Assistant Counsel - Tax Attachment

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