

MEMO# 10547

December 8, 1998

1998 YEAR-END TAX REPORTING

1 The Institute is providing the attached RIC Contact List to the SIA and ABA. 2 The Institute is providing the attached REIT Contact List to NAREIT. 3 RICs will provide all 1998 year-end tax information directly to the designated SIA or ABA Contact. [10547] December 8, 1998
TO: BANK AND TRUST ADVISORY COMMITTEE No. 15-98 RE: 1998 YEAR-END TAX REPORTING

The Institute has been working closely this year with the Securities Industry Association ("SIA"), the American Bankers Association ("ABA") and the National Association of Real Estate Investment Trusts ("NAREIT") to improve the uniform tax reporting procedures pursuant to which regulated investment companies ("RICs") and real estate investment trusts ("REITs") will report "reclassified" year-end tax information. For 1998, this year-end tax information will be reported to brokers and banks using the attached "primary" and "secondary" uniform file formats. The 1998 primary uniform file format contains the information required to prepare IRS Forms 1099 for RIC shareholders. The 1998 primary uniform file format retains the standard nomenclature adopted last year for the different "types" of long-term capital gains (i.e., 28 percent rate gain, 20 percent rate gain, unrecaptured section 1250 gain and section 1202 gain). The 1998 secondary uniform file format is new and will enable RICs to provide to brokers and banks 1998 year-end income breakdowns (1) by State for municipal bond funds and (2) by type of security (e.g., Exempt Federal Securities, GNMA's & FNMA's, Repurchase Agreements and Other Non-exempt securities) for other bond funds. In addition, four "tax contact lists" have been compiled for 1998 and are attached to this memorandum. Of these four tax contact lists, two are to be used by RICs (the "SIA and ABA Contact Lists"), one is to be used by brokers and banks (the "RIC Contact List")¹ and one is to be used by REITs (the "REIT Contact List").² The SIA Contact List was compiled by the SIA and contains a list of the names and contact information of persons at various broker/dealers and other third-party intermediaries to whom RICs should send 1998 year-end tax information. The ABA Contact List was compiled by the ABA and contains a list of the names and contact information of persons at various banks to whom RICs should send 1998 year-end tax information.³ The RIC Contact List was compiled by the Institute for the first time this year and contains the names and contact information of persons at RICs to whom brokers and banks receiving 1998 year-end tax information from RICs may direct questions about that information. The REIT Contact List was compiled by the Institute and contains a list of the names and contact information of persons at REITs to whom NAREIT's members should send their 1998 year-end tax information.⁴ The SIA, ABA, RIC and REIT Contact Lists and the 1998 uniform file formats are available to Institute members on the Institute's members-only internet home page (ICINet) that is located at <http://members.ici.org>. Those Institute members with internet access who have not been issued an ICINet password may receive one by accessing the ICINet page and completing the ICINet enrollment form. The Institute will

update the SIA, ABA, RIC and REIT Contact Lists that are posted on ICINet periodically as new information is received. ACTIONS REQUESTED: 1. Reporting to Brokers and Banks by RICs of Year-End Tax Information – The SIA and ABA have requested that the RICs provide to the designated SIA and ABA Contact (1) all year-end tax information on the 1998 primary uniform file format on or before Friday, January 8, 1999, and (2) all year-end tax information on the 1998 secondary uniform file format on or before Friday, January 15, 1999. 2. Corrections, Additions or Deletions to Attached Contact Lists – To facilitate 1998 year- end tax reporting, please advise the Institute’s Gloria Davis by e-mail (to gdavis@ici.org) or by fax (to 202.326.5841) of any corrections, additions or deletions to the attached SIA, ABA, RIC or REIT Contact Lists. Specific questions regarding the attached SIA, ABA, RIC and REIT Contact Lists or the 1998 uniform file formats for use by RICs in reporting year-end tax information to brokers and banks may be directed to Justine Phoenix of the Institute's Operations Department at 202.326.5850. Other questions regarding year-end tax reporting may be directed to the undersigned at 202.371.5436. Deanna J. Flores Assistant Counsel Attachment

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