

**MEMO# 8909**

May 20, 1997

## MEETING ON JUNE 17

1 See Institute Memorandum to Tax Committee No. 15-97, dated April 23, 1997. 2 In Technical Advice Memorandum No. 9345003, dated July 15, 1993, the IRS concluded that the fund's distributor may deduct currently commission payments to brokers and need not include in income at the time of sale the compensation income that may be paid to the distributor under a 12b-1 plan. At the May 9 meeting of the American Bar Association's Tax Section, an IRS spokesperson indicated that the TAM's conclusion regarding timing of income is being reconsidered. VIA FAX May 20, 1997 TO: TAX COMMITTEE No. 17-97 TASK FORCE ON ADVISER/DISTRIBUTOR TAX ISSUES RE: MEETING ON JUNE 17

\_\_\_\_\_ The Tax Committee will hold a special meeting on June 17, the day before the regular Tax Committee meeting, to discuss various tax issues affecting funds and their advisers and distributors that have been raised by IRS on audit. The meeting will begin at 2:00 p.m. in the David Silver Conference Room on the 12th Floor of the Institute's offices at 1401 H Street, N.W., Washington DC. Lunch will be available beginning at 1:00 p.m. The "fund" issues for discussion will include the issue addressed in the Institute's recent submission regarding the treatment by tax-exempt funds of their compensating balance arrangements with custodians<sup>1</sup> as well as the industry's experience with the IRS audits. The "adviser/distributor" issues for discussion will include the treatment by distributors of 12b-1 fees received from funds<sup>2</sup> and the treatment by advisers of "start-up" expenses and expense waivers/reimbursements. Please return by fax (to 202-326-5839) the attached attendance response form if you plan to attend the meeting. If you have any questions regarding the meeting or wish to suggest agenda items, please call Keith Lawson at 202-326-5832 or Anne Barr at 202-326-5837. We look forward to seeing you on June 17. Keith D. Lawson Associate Counsel - Tax Attachment ATTENDANCE RESPONSE FORM Investment Company Institute Tax Committee Meeting Tuesday, June 17, 1997 Please fax this portion by Friday, June 13, 1997 to Theresa Brice Investment Company Institute, 202-326-5839. YES NO \_\_\_\_\_ LUNCH \_\_\_\_\_ TAX COMMITTEE MEETING - 2:00 p.m.

\_\_\_\_\_ COMMITTEE MEMBER'S NAME or  
\_\_\_\_\_ ALTERNATE'S NAME

\_\_\_\_\_ COMPANY NAME \* Please check here if you need special services due to a disability.