

MEMO# 16373

July 30, 2003

IRS AND TREASURY RELEASE 2003-2004 PRIORITY GUIDANCE PLAN

[16373] July 30, 2003 TO: TAX MEMBERS No. 38-03 PENSION MEMBERS No. 35-03 ACCOUNTING/TREASURERS MEMBERS No. 31-03 INTERNATIONAL MEMBERS No. 26-03 UNIT INVESTMENT TRUST MEMBERS No. 25-03 TRANSFER AGENT ADVISORY COMMITTEE No. 70-03 ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 11-03 PENSION OPERATIONS ADVISORY COMMITTEE No. 47-03 RE: IRS AND TREASURY RELEASE 2003-2004 PRIORITY GUIDANCE PLAN The Internal Revenue Service ("IRS") and the Treasury Department have released their "2003-2004 Priority Guidance Plan" (attached) listing their priorities for tax regulations and other administrative guidance through June 30, 2004. The 2003-2004 Priority Guidance Plan lists 268 projects. We are pleased to report that the following projects requested by the Institute¹ have been included on the plan: Items of Interest to Regulated Investment Companies ("RICs") and RIC Shareholders • Guidance under section 851 on the treatment of certain obligations backed by Treasury securities for RIC diversification purposes. • Final regulations under sections 162 and 263 regarding deduction and capitalization of expenditures for intangible assets. • Guidance on the definition of "qualified foreign corporation" for purposes of taxation of dividends received by individuals.² 1 See Institute Memorandum No. 16109, to Tax Members No. 30-03, Pension Members No. 26-03, Accounting/Treasurers Members No. 26-03, International Members No. 17-03, Transfer Agent Advisory Committee No. 52-03 and 529 Plan Advisory Committee No. 31-03, dated May 23, 2003. 2 See Institute Memorandum No. 16341, to International Members No. 25-03 and Tax Members No. 36-03, dated July 25, 2003. 2 • Guidance under section 6031 on the reporting requirements of tax-exempt bond partnerships. • Guidance on PFIC provisions. Education Savings Items • Regulations under section 529 regarding qualified tuition programs. • Guidance on reporting requirements applicable to Coverdell education savings accounts. Retirement Savings Items • Final regulations under section 408(q). • Regulations under section 401(a)(9) on required minimum distributions. The 2003-2004 Priority Guidance Plan also includes numerous other projects that are, or may be, of interest to RICs and RIC shareholders and to retirement savings. These projects include: Items of Interest to RICs and RIC Shareholders • Guidance regarding redemptions of corporate stock. • Guidance regarding the active trade or business requirement of section 355(b). • Guidance under section 382. • Proposed regulations regarding accruals on sales of REMIC regular interests between payment dates. • Final regulations under section 263(g). • Proposed regulations on notional principal contracts. • Final regulations under section 671 regarding reporting requirements for widely-held fixed investment trusts. • Guidance under section 1441. • Guidance on securities lending. • Regulations concerning the treatment of currency gain or loss. • Final regulations under section 704(b) regarding capital account book-up. 3 • Guidance under section 704(b) regarding the allocation of foreign tax credits. • Guidance under section

704(c). • Guidance under section 442 regarding the period for taking into account adjustments resulting from certain changes in annual accounting period by pass-through entities. • Final regulations regarding electronic payee statements. • Guidance regarding information reporting with respect to payments in lieu of dividends made to individuals. • Guidance necessary to facilitate electronic tax administration. Retirement Savings Items • Guidance on phased retirement arrangements. • Guidance on distribution rules for rollover contributions. • Guidance updating Rev. Rul. 81-100. • Guidance on whether employees of a section 501(c)(3) organization who are eligible to participate in a section 403(b) plan are excludable employees for section 401(k) and (m) plans. • Guidance relating to annuity plans under section 403(b). • Guidance under section 411(d)(6). • Guidance on use of electronic technologies for various retirement plan transactions. • Final regulations under section 417(a). • Guidance under section 417(e). • Guidance under section 457. • Revenue Procedure on model provisions for section 457(b) plans. Keith Lawson Senior Counsel Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 16373, or call the ICI Library at (202) 326-8304 and request the attachment for memo 16373.

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