

MEMO# 1970

June 14, 1990

IRS ANNOUNCES JUNE "TEST RUN" FOR B NOTICES

1 */ We have been informally advised by the IRS that the notices will be dated for June 25, but may be mailed sooner. June 14, 1990 TO: CLOSED-END FUND MEMBERS NO. 22-90 OPERATIONS MEMBERS NO. 15-90 TAX MEMBERS NO. 19-90 UNIT INVESTMENT TRUST MEMBERS NO. 38-90 TRANSFER AGENT ADVISORY COMMITTEE NO. 15-90 RE: IRS ANNOUNCES JUNE "TEST RUN" FOR B NOTICES

The attached IRS News Release states that the IRS will "soon"*/1 be sending B Notice "test run" mailings to payors of interest and dividends regarding 1988 information returns for which payees' names and taxpayer identification numbers (TINs) do not "match". This mailing regarding 1988 information returns was originally scheduled to be sent last October as an official B notice mailing, but was postponed after the Institute requested that the mailing be a test run and be sent in the spring. (See Institute Memoranda to Tax Committee No. 11-89, Unit Investment Trust Committee No. 38-89, Closed-End Fund Committee No. 29-89, Operations Committee No. 12-89, and Transfer Agent Shareholder Advisory Committee No. 19-89, dated July 26, 1989 and to Tax Members No. 34-89, Unit Investment Trust Members No. 51-89, Closed-End Fund Members No. 46-89, Operations Members No. 30-89 and Transfer Agent Shareholder Advisory Committee No. 25-89, dated October 4, 1989.) As the upcoming mailing will not constitute an official B Notice mailing, payors will not be required to contact shareholders regarding "mismatches" or impose backup withholding on accounts of shareholders who do not provide timely certification of the TIN to the payor following notification of the "mismatch". (See Institute Memorandum to Tax Members No. 23-89, Unit Investment Trust Members No. 36-89, Closed-End Fund Members No. 29-89, Operations Members No. 20-89, and Transfer Agent Shareholder Advisory Committee No. 16-89, dated July 14, 1989.) However, payors will be required, according to the IRS News Release, to certify to the IRS within 60 days of the notice the extent to which "due diligence" was exercised with respect to each "incorrect" TIN. The penalty for filing a 1988 information return with an incorrect TIN for which due diligence was not exercised is \$50 per failure. The IRS News Release also indicates that the IRS plans to send a mailing based upon 1989 information returns, to which the B Notice procedures will apply, "later this year." We have been informally advised by the IRS that these notices will be dated October 15 and mailed in early October. We will keep you informed of developments. Keith D. Lawson Associate General Counsel Attachment

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