

**MEMO# 4437**

January 21, 1993

## **IRS RELEASES PROPOSED 1993 BUSINESS PLAN**

1 \*/ The IRS Announcement indicates that the plan has been issued in proposed, rather than final, form because it was prepared before Clinton Administration officials took office. January 21, 1993 TO: TAX COMMITTEE NO. 7-93 ACCOUNTING/TREASURERS COMMITTEE NO. 5-93 RE: IRS RELEASES PROPOSED 1993 BUSINESS PLAN

The Internal Revenue Service ("IRS") recently released a proposed "business plan" for 1993, which identifies almost 300 regulations projects, rulings and other administrative pronouncements that the IRS intends to issue by the end of 1993.\*/1 Among the projects that would directly affect regulated investment companies ("RICs") and their shareholders are the following: o proposed regulations regarding the application of section 337(d) to the conversion of a Subchapter C corporation into a RIC, incorporating IRS Notices 88-19 and 88-96; o final regulations on the merger of a C corporation into a RIC; o a revenue ruling on the value of various financial products for RIC diversification purposes; o a revenue ruling on the portion of earnings and profits an open-end fund may allocate to a redeeming shareholder for purposes of the dividends paid deduction; o guidance on whether a RIC may deduct 12b-1 fees in computing investment company taxable income; o final regulations on original issue discount under section 1271; o proposed regulations under section 1286 on various coupon stripping issues; o final and proposed regulations concerning selected PFIC - 2 - issues; o proposed regulations under section 1441 regarding the treatment of pensions; o final regulations under section 3406 on backup withholding; o a revenue procedure on the retention of digital images; o guidance establishing a taxpayer identification number ("TIN") matching program to allow a payor to pre-check whether a name/TIN combination provided by a payee matches a name/TIN combination on the IRS' records. \* \* \* We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment