

MEMO# 8114

August 5, 1996

TAXPAYER BILL OF RIGHTS LEGISLATION ENACTED

1 See Institute Memorandum to Accounting/Treasurers Members No. 48-95, Closed-End Fund Committee No. 51-95, International Committee No. 32-95, Operations Members No. 42-95, Tax Members No. 43-95, Transfer Agent Advisory Committee No. 51-95 and Unit Investment Trust Committee No. 78-95, dated October 24, 1995. 2 The statutory language and Committee Report explanations for the provisions are attached. August 6, 1996 TO: TAX MEMBERS No. 33-96 OPERATIONS MEMBERS No. 36-96 TRANSFER AGENT ADVISORY COMMITTEE No. 46-96 RE: TAXPAYER BILL OF RIGHTS LEGISLATION ENACTED

President
Clinton has signed H.R. 2337, the "Taxpayer Bill of Rights 2." This Act, which was considered in connection with the budget bill vetoed last fall,¹ includes two provisions of interest to investment companies.² First, the Act requires that tax information statements sent to payees (such as IRS Forms 1099-DIV and 1099-B) include the name, address and telephone number of the payor's "information contact." The Committee Report explanation of the provision incorporates an Institute proposal and indicates that the phone number of the department with the relevant information may be provided. This requirement applies to statements required to be filed after December 31, 1996. Second, the Act permits recovery of civil damages from a party who "willfully files a fraudulent information return." By limiting recovery to "fraudulent" returns, the Act incorporates an Institute proposed modification to an earlier version of the bill, which also would have provided civil damages for "false" information returns. This provision permitting recovery of damages is effective for fraudulent information returns filed after date of enactment. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachments