

MEMO# 8890

May 15, 1997

BACKUP WITHHOLDING QUESTIONNAIRE

1 GAO is not looking for detailed responses at this stage of the study. May 15, 1997 TO:
TRANSFER AGENT ADVISORY COMMITTEE No. 21-97 RE: BACKUP WITHHOLDING
QUESTIONNAIRE

_____ The Institute
has been informed by an analyst with the US General Accounting Office ("GAO") that GAO is
studying the administrative burdens and costs placed by the backup withholding ("BWH")
rules on the payor community. GAO called the Institute to request help in developing some
"unofficial preliminary" estimates of the burdens/costs. If you would like to assist this effort,
please spend a few minutes reviewing the following questions and then call the
undersigned at 202-326-5832 (by Wednesday, May 21) with your "ball park" estimates.¹
Cost Estimates What are your estimated annual costs of administering BWH? How many
departments and personnel are involved in administering BWH? What costs, if any, did you
incur previously to purchase hardware/software for BWH? Customers Subject to BWH What
percentage of your shareholder accounts are subject to BWH? Of the shareholder accounts
subject to BWH, what percentage is attributable to A withholding, B withholding, C
withholding and D withholding? Penalties How many penalty letters have you received from
IRS? Approximately what percentage of these penalties have been abated? Approximately
how much have you paid in penalties since the inception of BWH? Suggestions Please
provide any suggestions for changing/simplifying BWH. * * * We will keep you informed of
developments. Keith D. Lawson Associate Counsel - Tax

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