

MEMO# 16262

July 2, 2003

SELL-SIDE DRAFT REVENUE PROCEDURE FOR TAX-EXEMPT BOND

[16262] July 2, 2003 TO: TAX COMMITTEE No. 37-03 MONEY MARKET FUNDS ADVISORY COMMITTEE No. 9-03 RE: SELL-SIDE DRAFT REVENUE PROCEDURE FOR TAX-EXEMPT BOND

As we previously informed you, 1 the Internal Revenue Service (the "Service") has issued guidance, Revenue Procedure 2002-68, that modifies and supercedes the guidance in Revenue Procedure 2002-16 pursuant to which a regulated investment company ("RIC") may take into account each month its allocable share of tax-exempt income from certain synthetic variable rate tax-exempt securities. The Institute already has filed comments, as requested by the Service, regarding Revenue Procedure 2002-68 and potential simplified tax reporting for such tax-exempt bond partnerships.² We have received from David Nirenberg, an attorney representing the sell-side on these issues, a draft Revenue Procedure (attached) that he has prepared and plans to submit to the Service and Treasury that includes alternative reporting procedures for tax-exempt bond partnerships. Mr. Nirenberg has asked for buy-side comments on the draft. He intends to submit it to the Service and Treasury by Monday, July 7th. Please contact the undersigned (202/326-5821 or cbarre@ici.org) if you have comments that you would like the Institute to share with Mr. Nirenberg regarding the draft Revenue Procedure. Catherine Barré Assistant Counsel

Attachment (in .pdf format) 1 See, Institute Memoranda to Tax Committee No. 30-02 and Money Market Funds Advisory Committee No. 5-02 (15245), dated October 9, 2002. 2 See, Institute Memoranda to Tax Members No. 50-02 and Money Market Funds Advisory Committee No. 9-02 (15444), dated December 10, 2002.