

MEMO# 2947

July 18, 1991

AUGUST 1, 1991 MEETING ON SHAREHOLDER BASIS REPORTING

July 18, 1991 TO: TAX COMMITTEE NO. 24-91 TRANSFER AGENT ADVISORY SUBCOMMITTEE ON SHAREHOLDER BASIS REPORTING RE: AUGUST 1, 1991 MEETING ON SHAREHOLDER BASIS REPORTING _____ As we previously informed you, a "mutual fund tax bill", H.R. 2735, has been introduced by House Ways and Means Committee Chairman Rostenkowski and several others, including the ranking minority member on the Committee, Congressman Archer. (See Institute Memorandum to Tax Committee No. 20-91, Operations Committee No. 21-91, Accounting/Treasurers Committee No. 14-91, and Transfer Agent Advisory Committee No. 31-91, dated June 25, 1991.) One section of the bill would amend the reporting requirements of Internal Revenue Code section 6045 to impose upon mutual funds and brokers the obligation to provide to shareholders and the Internal Revenue Service average cost basis information for shares redeemed. Any Congressionally-mandated shareholder basis reporting requirement would raise numerous tax and operational issues. As the House Ways and Means Committee anticipates holding hearings on this bill in September, a meeting to discuss shareholder basis reporting issues will be held at the Institute on Thursday, August 1, 1991 at 10:00 a.m. Lunch will be served following the meeting. If you plan to attend the meeting, please let Berlaunder Barnes at the Institute (202/955-3518) know by Monday, July 29. We will keep you informed of developments. Keith D. Lawson
Associate Counsel - Tax