

MEMO# 2178

September 12, 1990

CONNECTICUT DENIES PETITION FOR DECLARATORY RULING ON PASS- THROUGH TREATMENT FOR FEDERAL OBLIGATION INTEREST

September 12, 1990 TO: MEMBERS - ONE PER COMPLEX NO. 37-90 RE: CONNECTICUT DENIES PETITION FOR DECLARATORY RULING ON PASS-THROUGH TREATMENT FOR FEDERAL OBLIGATION INTEREST

As we previously informed you, an investment company filed a petition for declaratory ruling with the Connecticut Commissioner of Revenue Services earlier this year seeking a ruling that the Connecticut Dividends, Interest Income and Capital Gains Tax does not apply to mutual fund dividends attributable to interest on United States government obligations. (See Institute Memorandum to Members - One Per Complex No. 19-90, dated April 27, 1990.) The attached declaratory ruling from the Connecticut Department of Revenue Services denies the investment company's petition, thereby reaffirming the State's position that mutual fund dividends attributable to federal obligation interest are taxable in Connecticut. Because this declaratory ruling results in an exhaustion of administrative remedies, a class action lawsuit may now be filed against the State. We are sending the State's declaratory ruling to you to satisfy Connecticut procedural requirements. We will keep you informed of developments. Keith D. Lawson Associate General Counsel
Attachment KDL:bmb

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