

MEMO# 16369

July 30, 2003

2003 YEAR-END TAX REPORTING FORMATS

[16369] July 30, 2003 TO: ACCOUNTING/TREASURERS COMMITTEE No. 29-03 BANK AND TRUST ADVISORY COMMITTEE No. 9-03 BROKER/DEALER ADVISORY COMMITTEE No. 24-03 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 45-03 OPERATIONS COMMITTEE No. 13-03 TAX COMMITTEE No. 46-03 TRANSFER AGENT ADVISORY COMMITTEE No. 69-03 RE: 2003 YEAR-END TAX REPORTING FORMATS The “primary” and “secondary” uniform file formats to be used by regulated investment companies (“RICs”) to report 2003 year-end tax information to brokers and the reporting format to be used by RICs that have declared an “undistributed long-term capital gain” reportable to shareholders on Form 24391 have been finalized. The file formats and instructions as well as a list of contacts provided by Merrill Lynch, DTCC, and Wall Street Concepts are available on the Institute website at <http://members.ici.org/yearendtax.do>.² The 2003 Primary Layout contains the information required to prepare IRS Forms 1099 for shareholders. The 2003 Secondary Layout A is used to provide CUSIP-level tax information to brokers regarding (1) “preference items” for taxpayers subject to the alternative minimum tax, (2) the Florida intangible personal property tax, (3) distributions from foreign sources, (4) threshold requirements to distribute exempt-interest dividends in certain states, and (5) year-end income breakdowns by State for municipal bond funds and by type of security (e.g., “Exempt Federal Securities” and “Non-Exempt Securities”) for other bond funds. Each of the attached 2003 formats includes a separate sheet for a RIC to designate a year-end tax information contact person to whom brokers may direct questions regarding the RIC’s reported information. Please note that there are a number of changes to the spreadsheet due to the 2003 Jobs and Growth Tax Revenue Reconciliation Act. These changes are reflected on the Primary Layout in columns 7, 17 through 19, 22, 26 and 27 and on the Secondary Layout A in columns 6- 1 This same format also may be used by real estate investment trusts or “REITs.”² 8. Hard copies of the documents and spreadsheets are available upon request to the Institute’s Ezella Wynn (ewynn@ici.org or 202/218-3560).² 8. Corresponding changes have also been made to column 11 in the Undistributed Long Term Capital Gains spreadsheet. The Secondary Layout A has also been changed in columns 9 and 10 in an effort to clarify the threshold requirements to distribute exempt-interest dividends in certain states. Finally, it does not appear that Secondary Layout B (Massachusetts reporting) will be necessary for 2003 since all gains realized after May 1, 2002 are taxed at a single rate in Massachusetts. Merrill Lynch, DTCC and Wall Street Concepts have requested that RICs provide all year-end tax information on the Primary Layout no later than January 7, 2004. Information on the Secondary Layout A is requested no later than January 14, 2004. As in prior years, the Institute will distribute the procedures for RICs to access 2003 year-end tax information of REITs when they are provided by the National Association of Real Estate Investment Trusts (“NAREIT”). Questions regarding tax reporting may be directed to Catherine Barré of the

Institute's Legal department (cbarre@ici.org or 202/326-5821). Specific questions regarding the uniform file layouts for use by RICs in reporting year-end tax information to brokers may be directed to Justine Phoenix of the Institute's Operations Department (justine@ici.org or 202/326-5850). Catherine Barré Justine Phoenix Assistant Counsel Director - Operations/Distribution & Services Attachments - (zip package of formats and layouts)

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