

MEMO# 9737

March 4, 1998

IRS AND TREASURY RELEASE 1998 PRIORITY GUIDANCE PLAN

[9737] March 4, 1998 TO: TAX COMMITTEE No. 8-98 ACCOUNTING/TREASURERS
COMMITTEE No. 12-98 INTERNATIONAL COMMITTEE No. 11-98 UNIT INVESTMENT TRUST
COMMITTEE No. 8-98 TRANSFER AGENT ADVISORY COMMITTEE No. 12-98 RE: IRS AND
TREASURY RELEASE 1998 PRIORITY GUIDANCE PLAN

In the attached "1998 Priority Guidance Plan," the Internal Revenue Service ("IRS") and the Treasury Department have announced their 1998 priorities for tax regulations and other administrative guidance. IRS and Treasury intend to issue regulations/guidance by year-end on the 179 projects identified in the plan. Attached to the plan, in Appendix A, is a list of 17 additional projects "for which substantial resources will be committed in 1998 and for which publication generally is expected to occur in 1999 (although in some instances publication may occur in 1998)." Among the projects of interest to regulated investment companies ("RICs") and their shareholders are the following: * Guidance under section 562(c) regarding the treatment of waivers and reimbursements in multiple-class regulated investment companies. * Guidance under section 860H regarding financial asset securitization investment trusts. * Guidance under section 1001 regarding the effect on debt instruments of the European Monetary Union. * Guidance under section 1259 regarding constructive sales treatment for appreciated financial positions. * Guidance under section 7872 including guidance regarding loans structured under the Department of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Acts of 1998. * Proposed regulations under section 671 regarding reporting requirements for widely held fixed investment trusts. * Guidance under the passive foreign investment company provisions. * Guidance regarding withholding on payments to foreign persons and reporting requirements. * Regulations under section 894(c) regarding the income tax effect of treaties. * Guidance under the foreign currency rules including the effect of the European Monetary Union. * Final regulations under section 7701 regarding elective conversion of an entity from partnership status to corporate status and vice versa. * Final regulations under section 7704 regarding passive income for purposes of the publicly traded partnership provisions. * Guidance regarding capitalization issues. * Guidance under sections 6041 and 6045 regarding reporting responsibilities of a middleman payor. * Regulations under section 6302 regarding the electronic federal tax payment system. One item on "Appendix A" of particular interest to RICs and their shareholders is "Guidance regarding the application of the regulated investment company and real estate investment trust provisions to capital gains." Keith D. Lawson Senior Counsel Attachment

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