

**MEMO# 7142**

July 27, 1995

## **INSTITUTE STATEMENT ON MISCELLANEOUS TAX REFORMS**

July 27, 1995 TO: PENSION COMMITTEE No. 14-95 TAX COMMITTEE No. 28-95 RE: INSTITUTE STATEMENT ON MISCELLANEOUS TAX REFORMS

Pursuant to this years consideration of tax legislation, the House Ways and Means Committee has been holding hearings on miscellaneous tax reforms. In the attached written statement submitted to the Committee today, the Institute urges consideration of legislative proposals that would: repeal the "30 percent test" of Internal Revenue Code section 851(b)(3); acknowledge that market competition has eliminated the need for legislation requiring mutual funds to provide cost basis reports to redeeming shareholders; expand the proposed nondiscrimination rules for cash or deferred arrangements to cover salary reduction simplified employee pensions ("SARSEPs"); enhance the individual retirement account ("IRA"); modify the treatment of market discount on tax-exempt bonds held by regulated investment companies ("RICs"); subject foreign investors in RICs to no more U.S. withholding tax than is collected from foreigners who invest in U.S. obligations directly or through foreign funds; permit bank common trust funds to convert tax-free to one or more RICs; and deny federal tax information to states imposing a pension source tax. We will keep you informed of developments. Catherine L. Heron Vice President and Senior Counsel  
Attachment

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