

**MEMO# 34113**

April 14, 2022

## **Draft Letter to Treasury and IRS on Section 355 Split-Offs**

[34113]

April 14, 2022

TO: Tax Advisory Committee

Tax Committee RE: Draft Letter to Treasury and IRS on Section 355 Split-Offs

Attached for your review is a draft letter to the Treasury Department and the Internal Revenue Service (IRS) requesting clarification that regulated investment companies (RICs) can satisfy the "active trade or business requirement" under section 355(b)(1) with respect to their business of investing in securities. The letter argues that RICs are engaged in an active trade or business, and that RIC divisions generally do not create the potential for tax avoidance or abuse that the limitation on investment activity is intended to prevent.

Please provide any comments on the draft letter to me by Tuesday, April 26, 2022.

Karen Lau Gibian  
Associate General Counsel