

Mutual Fund Leaders Ask Congress for Tax Relief for Mutual Fund Shareholders, December 2001

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Washington, DC, December 10, 2001 - In a [letter](#) to members of Congress, nearly 90 mutual fund industry leaders, whose firms manage about 85 percent of shareholder accounts in the United States, sought support for legislation that would permit mutual fund shareholders to defer the tax on reinvested long-term capital gains distributions until shares are sold.

"We strongly believe that this proposal is right for middle-income investors and it is right for America," the letter said. "Deferring this tax will benefit millions of middle-income Americans and encourage long-term investment in the economy. At the same time, it can stimulate broad-based economic growth."

The letter was sent in part because of continuing discussions on Capitol Hill about measures needed to stimulate the economy and to help middle-income Americans. The letter describes how deferral would quickly relieve millions of middle-income shareholders from paying capital gains taxes in the first quarter of 2002. It also highlights the significant longer-term economic and policy benefits that deferral would produce.

The letter also notes that if it is determined that including deferral for fund shareholders in the stimulus package is not feasible, the Institute and its members will work vigorously to assist Congressional leaders in considering the proposal early next year.

The Institute expressed [earlier support](#) for legislative measures that would permit shareholders to defer tax on reinvested capital gains distributions and has worked with Rep. Jim Saxton (R-NJ) on legislation that he has introduced that would permit mutual fund shareholders to defer payment of tax on distributions of capital gains. Similarly, in an [October correspondence](#) to Treasury Secretary O'Neill, ICI Chairman Terry Glenn proposed the same relief.