



1401 H Street, NW, Washington, DC 20005-2148, USA
202/326-5800 www.ici.org

By Electronic Delivery

June 21, 2022

Andres Garcia
Internal Revenue Service, Rm 6526
1111 Constitution Avenue NW
Washington, DC 20224

RE: ICI Comments to IRS Form 8613

Dear Mr. Garcia:

The Investment Company Institute¹ appreciates the opportunity to offer comments on Internal Revenue Service (IRS) Form 8613 “Return of Excise Tax on Undistributed Income of Regulated Investment Companies.”² IRS Form 8613 is used by regulated investment companies (RICs) to compute and pay the excise tax on undistributed income imposed under Internal Revenue Code Section 4982.

ICI believes that the recommendations below are consistent with the IRS’s continuing effort to reduce paperwork, taxpayer burden, and enhance the quality, utility, and clarity of the information collected.

- *Information Only Filers.* We recommend that Form 8613 include a check box to indicate when the form is filed only for informational purposes. This change would benefit RICs that are not required to file Form 8613, such as those exempt under section 4982(f), but that routinely do so for informational purposes. As these exempt funds sometimes receive notices of underpayment in response to the filing, the change would prevent the IRS from issuing unnecessary underpayment notices.

¹ The [Investment Company Institute](http://www.ici.org) (ICI) is the leading association representing regulated investment funds. ICI’s mission is to strengthen the foundation of the asset management industry for the ultimate benefit of the long-term individual investor. Its members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in Europe, Asia and other jurisdictions. Its members manage total assets of \$29.7 trillion in the United States, serving more than 100 million investors, and an additional \$9.3 trillion in assets outside the United States. ICI has offices in Washington, DC, Brussels, London, and Hong Kong and carries out its international work through [ICI Global](http://www.ici.org/global).

² See Internal Revenue Service, Notice, [Comment Request for Form 8613](https://www.irs.gov/notice/2022-12), published April 20, 2022, 87 FR 23696.

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- *Electronic Filing and Digital Signature Relief.* We recommend that the IRS expand and make permanent the ability of RICs and their officers to sign and file electronically Form 8613.³ The requirement that the Form 8613, which together with the Form 1120-RIC, US Income Tax Return for RICs, can be hundreds of pages long, be physically signed and filed on paper is particularly problematic in the increasingly remote work environment. Specifically, we suggest that the Modernized e-File (MeF) system be updated to process Form 8613 (as well as filing extension requests on Form 7004). In the interim, until the MeF system can process the form, we recommend that RICs be permitted to submit PDF copies of the return to a secure IRS email address.

The IRS has extended temporary relief for digital signatures for many tax forms, including Form 1120-RIC, US Income Tax Return for RICs, but not for Form 8613. There is no sound tax policy reason to not provide similar digital signature relief for Form 8613, which is typically signed by the same individual officers of the RIC.

- *4982(e)(7) Election.* We recommend that the section 4982(e)(7) election be incorporated as a check box election, with the amount of the deferral disclosed on an additional line item on Form 8613. This change would eliminate the need for an additional statement disclosure.
- *Refund or Carryforward of Overpayment.* We recommend that Form 8613 include a line for taxpayers to request a refund or carryforward to the next year if there has been an overpayment of excise tax (similar to what is included on corporate tax returns). RICs, such as Business Development Companies, that incur an overpayment of excise tax often experience significant difficulties in alerting the IRS service center that a refund or carryforward is owed.
- *Initial and Final Returns.* We recommend that Form 8613 include a line to indicate if the return relates to the taxpayer's initial or final return. We understand that current practice is for preparers to hand write or type initial or final return status on the top of Form 8613. Incorporating this information as a new item on Form 8613 would ensure that taxpayers communicate this information to the IRS in a consistent manner.

* * *

³ ICI has also requested electronic filing and permanent digital signature relief for Form 1120-RIC, US Income Tax Return for RICs. See ICI Letter to Lily Barchelder and William Paul, [Guidance Priority List Recommendations](#), dated June 2, 2022, and ICI letter to Charles Rettig and Michael Desmond, [Changes to IRS Forms 1120-RIC](#), dated November 20, 2019.

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If we can provide you with any additional information regarding these comments, please contact me at 202-326-5826 or katie.sunderland@ici.org.

Sincerely,

A handwritten signature in black ink that reads "Katie Sunderland". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Katie Sunderland
Assistant General Counsel – Tax Law