



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Tuesday, Jan. 27, 2004

## Grassley, Colleagues Clarify Intent on Dividends Provision to Ease Taxpayer, IRS Burden

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, along with Sen. Max Baucus, ranking member; Rep. Bill Thomas, chairman, Ways and Means Committee; and Rep. Charles Rangel, ranking member, today issued a letter to the Treasury Department and the IRS clarifying their intention regarding the effective date of a provision in their tax technical correction bill that was introduced in December. This technical correction potentially could affect millions of mutual fund investors.

This clarification concerns the application of the new 15 percent dividend tax rate provided under the *Jobs and Growth Tax Relief and Reconciliation Act of 2003*. The technical correction will allow mutual fund shareholders to benefit more fully from the new 15 percent rate on dividends received in 2003 .

“In issuing today’s letter, we’re trying to avoid requiring amended Forms 1099-DIV after the technical corrections bill is enacted,” Grassley said. “An amended 1099-DIV would require individual taxpayers to amend their 2003 income tax returns. We want to provide Treasury and the IRS our support in avoiding this unnecessary administrative burden.”

January 27, 2004

The Honorable Pamela F. Olson  
Assistant Secretary for Tax Policy  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable Mark W. Everson  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

RE: Technical Corrections to Qualified  
Dividend Income Provisions

Dear Assistant Secretary Olson and Commissioner Everson:

In December, we introduced the Tax Technical Corrections Act of 2003 (H.R. 3654; S. 1984) as a bipartisan measure to clarify, among other things, various provisions in the Jobs and Growth Tax Relief and Reconciliation Act of 2003 (“JGTRRA”) relating to qualified dividend income (“QDI”) taxable at a maximum rate of 15 percent. We intend to seek enactment of this legislation at the earliest opportunity during the second session of the 108<sup>th</sup> Congress.

The technical corrections made by section 2 of this legislation are to be effective as if originally included in JGTRRA. It is our intention that this effective date will not change. Therefore, upon enactment of this legislation, these technical corrections will apply to dividends received beginning January 1, 2003.

We advise you of our intent so that you may minimize taxpayer burden and facilitate the administration of JGTRRA by allowing taxpayers to apply section 2 of the Tax Technical Corrections Act of 2003 as if presently enacted.

Sincerely,

Congressman Bill Thomas

Senator Charles E. Grassley

Congressman Charles Rangel

Senator Max Baucus