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Regulated investment company or real estate investment trust's name, address, and ZIP code	OMB No. 1545-0145	<p align="center"><b>Notice to Shareholder of Undistributed Long-Term Capital Gains</b></p> <p align="center">For calendar year 1997, or other tax year of the regulated investment company or the real estate investment trust beginning ....., 1997, and ending ....., 19 .....</p>	
Regulated investment company or real estate investment trust's identification number	<p align="center"><b>1997</b></p> <p align="center">Form <b>2439</b></p>		
Shareholder's identification number	<p><b>1a</b> Total undistributed long-term capital gains</p> <p>\$</p>		<p align="center"><b>Copy A</b></p> <p align="center">Attach to Form 1120-RIC or Form 1120-REIT</p>
Shareholder's name, address, and ZIP code	<p><b>1b</b> 28% rate gain</p> <p>\$</p>	<p><b>1c</b> Unrecaptured sec. 1250 gain</p> <p>\$</p>	
	<p><b>1d</b> Section 1202 gain</p> <p>\$</p>		
	<p><b>2</b> Tax paid by the regulated investment company or real estate investment trust on the box 1a gains</p> <p>\$</p>		<p align="center"><b>For Instructions and Paperwork Reduction Act Notice, see back of Copies A and D.</b></p>

Form **2439**

Cat. No. 11858E

Department of the Treasury - Internal Revenue Service

# Instructions for Regulated Investment Company and Real Estate Investment Trust

Section references are to the Internal Revenue Code.

## Changes To Note

- The Taxpayer Relief Act of 1997 (the "Act") provides that for tax years beginning after August 5, 1997, a real estate investment trust (REIT) may elect to retain and pay tax on undistributed capital gains just as a regulated investment company (RIC) is permitted to do.
- The Act changed the capital gains rates for individuals. As a result, RICs and REITs must provide shareholders additional information necessary to complete Schedule D (Form 1040).
- Copy D is new and is provided to you to keep for your records.

## Reporting Information

- Complete **Copies A, B, C and D** for each shareholder for whom the RIC or REIT paid tax on undistributed capital gains.
- Attach **Copy A** of all Forms 2439 to Form 1120-RIC or Form 1120-REIT when it is filed at the appropriate IRS service center.
- Furnish **Copies B and C** of Form 2439 to the shareholder by the 60th day after the end of the RIC's or the REIT's tax year.
- Retain **Copy D** for your records.

**Note:** If the shareholder is an individual retirement arrangement (IRA), send Copies B and C to the trustee or custodian of the IRA. **Do not** send copies to the owner of the IRA.

**RIC or REIT's identification number and name and address.** Type or print the EIN and the name and address (including ZIP code) of the RIC or REIT as shown on **Form 2438**, Undistributed Capital Gains Tax Return.

**Shareholder's identification number and name and address.** Type or print the shareholder's SSN, name, and address (including ZIP code). If the shareholder is other than an individual, enter the EIN. If a shareholder is an IRA, enter the identification number of the IRA trust. Do not enter the SSN of the person for whom the IRA is maintained.

**Box 1a.** Enter the amount of undistributed capital gains from line 11, Form 2438, allocable to the shareholder.

**Box 1b. 28% rate gain.** Enter the shareholder's allocable portion of the amount from box 1a that has been designated as 28% rate gain. For details, see Notice 97-64, 1997-47 I.R.B. 7.

**Box 1c. Unrecaptured section 1250 gain.** Enter the shareholder's allocable portion of the amount from box 1a that has been designated as unrecaptured section 1250 gain. See Notice 97-64.

(Continued on the back of Copy D.)

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Regulated investment company or real estate investment trust's name, address, and ZIP code	OMB No. 1545-0145  <div style="font-size: 2em; font-weight: bold; text-align: center;">1997</div>	<div style="text-align: center;"> <b>Notice to Shareholder of Undistributed Long-Term Capital Gains</b>             For calendar year 1997, or other tax year of the regulated investment company or the real estate investment trust            beginning ....., 1997, and            ending ....., 19 .....         </div>	
Regulated investment company or real estate investment trust's identification number	Form <b>2439</b>		
Shareholder's identification number	<b>1a</b> Total undistributed long-term capital gains \$		<b>Copy B</b>  Attach to the shareholder's income tax return for the tax year that includes the last day of the RIC or REIT's tax year.
Shareholder's name, address, and ZIP code	<b>1b</b> 28% rate gain \$	<b>1c</b> Unrecaptured sec. 1250 gain \$	
	<b>1d</b> Section 1202 gain \$		
	<b>2</b> Tax paid by the regulated investment company or real estate investment trust on the box 1a gains \$		

## Instructions for Shareholder

Section references are to the Internal Revenue Code.

### Changes To Note

- The Taxpayer Relief Act of 1997 (the "Act") provides that for tax years beginning after August 5, 1997, a real estate investment trust (REIT) may elect to retain and pay tax on undistributed capital gains. The REIT sends you a Form 2439 with amounts you must report on your tax return. See the instructions below for where to report the amounts shown on Form 2439.
- The Act has changed the capital gains rates for individuals. As a result, RICs and REITs must provide shareholders additional information necessary to complete Schedule D (Form 1040). As a shareholder of the RIC or REIT, you are required to report the undistributed long-term capital gain reported to you on Form 2439 on your tax return. This income is not reported to you on **Form 1099-DIV**, Dividends and Distributions.

### Reporting Information

The instructions for boxes 1a, 1b, and 1c show how to report amounts on the 1997 Schedule D (Form 1040). See the 1998 instructions for Schedule D for how to report amounts in boxes 1a through 1d if this form is from a 1997-1998 fiscal year RIC or REIT.

**Box 1a.** Shareholders that are **individuals** report this amount on Schedule D (Form 1040), Part II, line 11, column (f). Shareholders that are **corporations** report this amount on Schedule D (Form 1120), Part II, line 6. For more details, see **Pub. 564**, Mutual Fund Distributions.

(g) of Schedule D (Form 1040). See the instructions for Schedule D (Form 1040) for the definition of 28% rate gain.

**Box 1c. Unrecaptured section 1250 gain.** Use the amount in box 1c when figuring the amount to enter on line 25, Schedule D (Form 1040). See the instructions for Schedule D (Form 1040) for the definition of unrecaptured section 1250 gain.

**Box 1d. Section 1202 gain.** See the 1998 Schedule D (Form 1040) for information on where to report any gain in box 1d. Also, see the 1998 instructions for Schedule D (Form 1040) for the definition of section 1202 gain.

**Box 2.** This box contains the tax paid by the RIC or REIT on the undistributed long-term capital gains shown in box 1a. You can get a refund or credit for this tax as follows:

- **Individuals, Nonresident Aliens, and Estates and Trusts.** See line 59 of Form 1040, line 56 of Form 1040NR, or line 25f of Form 1041, and the related instructions.
- **Corporations and Foreign Corporations.** See line 32f of Form 1120 (line 28f of Form 1120-A) or line 6f of Form 1120-F and the related instructions. All other corporations report this amount on the line designated as "Credit for tax paid on undistributed capital gains."
- **S Corporations and Partnerships.** See the line 25 instructions for Schedule K-1 of Form 1065 or the line 23 instructions for Schedule K-1 of Form 1120S.

*(Continued on the back of Copy C.)*

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Regulated investment company or real estate investment trust's identification number	Form <b>2439</b>		
Shareholder's identification number	<b>1a</b> Total undistributed long-term capital gains \$		<b>Copy C</b> For shareholder's records.
Shareholder's name, address, and ZIP code	<b>1b</b> 28% rate gain \$	<b>1c</b> Unrecaptured sec. 1250 gain \$	
	<b>1d</b> Section 1202 gain \$		
	<b>2</b> Tax paid by the regulated investment company or real estate investment trust on the box 1a gains \$		

Form **2439**

Department of the Treasury - Internal Revenue Service

## Instructions for Shareholder (*Continued*)

● **Exempt Organizations and Certain Trustees.** See the instructions for Form 990-T when Form 990-T is filed in either of the following situations.

1. By organizations exempt from tax under section 501(a) filing Form 990-T to claim their refund of income tax paid on undistributed long-term capital gains, or

2. By trustees for individual retirement arrangements (IRAs) described in section 408 (including accounts described in section 408(h)) filing a single composite Form 990-T to claim the refund referred to above.

**Note:** *A trustee or custodian of an IRA should not send a copy of Form 2439 to the owner of the IRA.*

● **Nominees.** If you are not the actual owner of the shares for which this form is issued, you must:

1. Complete Copies A, B, C, and D of Form 2439 for each owner. The total undistributed long-term capital gains entered in box 1a, the amounts entered in boxes 1b, 1c, and 1d, and the tax shown in box 2 on the Form 2439 for each owner must agree with the amounts on Copy B that you received from the RIC or REIT.

2. Enter your name as "Nominee" and your address in the block for the shareholder's name and address, and the RIC's or REIT's name and address, in the block for the RIC's or REIT's name and address.

3. Write "Nominee" in the upper right corner of the Copy B you received from the RIC or REIT and attach the Copy A you complete to it.

4. File the Copy B you received (with an attached Copy A) with the Internal Revenue Service Center where you file your income tax return. (If you are a resident of a foreign country, file with the Internal Revenue Service Center, Philadelphia, PA 19255.)

5. Give the actual owner Copies B and C of the forms you complete.

6. Keep Copy D for yourself.

A nominee has 90 days after the close of the RIC's or REIT's tax year to complete items 1 through 5 above. However, a nominee acting as a custodian of a unit investment trust described in section 851(f)(1) has 70 days. A nominee who is a resident of a foreign country has 150 days.

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Regulated investment company or real estate investment trust's identification number	Form <b>2439</b>		
Shareholder's identification number	<b>1a</b> Total undistributed long-term capital gains \$		<b>Copy D</b>  For records of the regulated investment company or the real estate investment trust.
Shareholder's name, address, and ZIP code	<b>1b</b> 28% rate gain \$	<b>1c</b> Unrecaptured sec. 1250 gain \$	
	<b>1d</b> Section 1202 gain \$		
	<b>2</b> Tax paid by the regulated investment company or real estate investment trust on the box 1a gains \$		

# Instructions for Regulated Investment Company and Real Estate Investment Trust

(Continued)

**Box 1d. Section 1202 gain.** The section 1202 gain is the portion of box 1a that is attributable to the sale or exchange of certain small business stock in a qualified corporation **after August 11, 1998**. It affects only a 1997-1998 fiscal year RIC or REIT whose tax year ends after August 11, 1998. Enter in box 1d the portion of the amount in box 1a that has been designated as section 1202 gain. In addition, attach a statement that reports separately for **each** designated section 1202 gain: the amount of the section 1202 gain, the name of the corporation that issued the stock, the date (or dates) on which the RIC or REIT acquired the stock that was sold, and the shareholder's portion of the RIC or REIT's basis in the stock.

**Box 2.** Enter the tax paid on the amount from box 1a of Form 2439.

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**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.



You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	2 hr., 52 min.
<b>Learning about the law or the form</b> . . . . .	18 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	21 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the IRS at the address listed in the Instructions for Form 1120-RIC or Form 1120-REIT.