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Rev. Proc. 2020-19: Temporary modification to safe harbor for distributions by REITs and RICs (COVID-19)

The IRS today released an advance version of Rev. Proc. 2020-19 to provide temporary guidance regarding the treatment of certain stock distributions by publicly offered real estate investment trusts (REITs) and publicly offered regulated investment companies (RICs).

[Rev. Proc. 2020-19](#) [PDF 16 KB] provides relief in recognition of the need for enhanced liquidity in response to economic issues resulting from the coronavirus (COVID-19) pandemic.

Rev. Proc. 2020-19 modifies the safe harbor provided in Rev. Proc. 2017-45 by temporarily reducing the minimum required aggregate amount of cash that distributee shareholders may receive to not less than 10% of the total distribution in order for Code section 301, by reason of section 305(b), to apply to the distribution. Specifically, today's revenue procedure modifies a measure of Rev. Proc. 2017-45 by striking "The Cash Limitation Percentage is not less than 20 percent" and instead inserting "The Cash Limitation Percentage is not less than 10 percent."

The relief provided by Rev. Proc. 2020-19 is a temporary modification and is effective only with regard to distributions declared by a publicly offered REIT or publicly offered RIC on or after April 1, 2020, and on or before December 31, 2020.

KPMG observation

The COVID-19 pandemic is causing uncertainty and changing the business environment for the REIT industry. For a discussion of the use of elective stock dividends by publicly offered REITs, read [TaxNewsFlash](#)

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