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**IMMEDIATE
ATTENTION**

EBD/83/313
Corrected: 12/6/83

December 6, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Publication of "Interest Rates and Tax Treatment of
Interest Income and Expenses"

The paper entitled, Interest Rates and Tax Treatment of Interest Income and Expenses, was circulated to the Executive Board as SM/83/113 (6/3/83) and deals with a subject of widespread interest. It is proposed that it be published in a volume, together with eight background papers. The contents of the volume would be as follows:

1. Introduction
2. Interest Rates and the Tax Treatment of Interest Income and Expenses (SM/83/113).
3. Impact of Inflation and Taxation on Interest Rates: A Survey of Recent Literature (DM/82/89).
4. The Impact of Taxation on the International Financial Market Under Inflationary Conditions: A Survey of the Recent Literature (DM/82/88).
5. The Level and Volatility of Interest Rates in the United States: The Role of Expected Inflation, Real Rates, and Taxes (DM/82/81, revised).
6. Inflation and the Incidence of Income Taxes on Interest Income: Some Results for the United States, 1972-81 (DM/77/16 updated).
7. Inflationary Expectations, Taxes, and the Demand for Money in the United States (DM/82/17).
8. Inflation, Taxation, and the Rate of Interest: A Study of Eight Industrial Countries, 1961-82 (DM/83/24).
9. Financial Market Taxation and International Capital Flows (DM/83/28).
10. The Impact of Taxation on International Capital Flows: Some Empirical Estimations (DM/83/81).

The published version of SM/83/113 would be attributed to the staff of the Fiscal Affairs Department and the other papers would be attributed to the individual authors.

In the absence of an objection from an Executive Director by the close of business on Friday, December 16, 1983, the proposal to publish will be deemed to have been approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Other Distribution:
Department Heads