

MEMO# 32981

December 14, 2020

ICI Global Comments Regarding Applying the Tax Measures in OECD's Blueprints for Pillars One and Two to the Investment Funds Industry

[32981]

December 14, 2020 TO: ICI Members

ICI Global Members

ICI Global Tax Committee

Management Company Tax Subcommittee

Tax Committee SUBJECTS: International/Global

Tax RE: ICI Global Comments regarding Applying the Tax Measures in OECD's Blueprints for Pillars One and Two to the Investment Funds Industry

ICI Global today submitted the attached comments to the OECD^[1]/G20 Inclusive Framework on BEPS (Inclusive Framework) regarding two “Blueprints” for addressing the tax challenges of the digitalizing economy.^[2] These Blueprints are part of the OECD’s effort to develop a consensus approach for addressing nexus and profit allocation issues (Pillar One) and crafting a global minimum tax (Pillar Two).

Today’s submission supplements comments that we made during prior consultations regarding two specific issues involving the collective investment vehicle (CIV) industry.^[3] First, we support strongly the complete exemption for fund vehicles, financial intermediaries, and investment managers from Pillar One’s allocation of residual profits to market jurisdictions. The submission explains that the rationale for exempting other financial services from these “Amount A” allocations applies equally to the asset management industry.

Second, we support the Blueprint’s exemption from the Pillar Two minimum tax for all Investment Funds, including CIVs, that are the Ultimate Parent Entity (UPE). Our submission suggests language to address one minor drafting inconsistency regarding the definition of Investment Fund. Finally, the submission urges that CIVs that are not the UPE also be included within the Investment Funds definition and thereby exempt from Pillar Two.

Keith Lawson

[Attachment](#)

endnotes

[1] OECD is the acronym for the Organisation for Economic Co-operation and Development. The OECD consists of 37 member countries. The Inclusive Framework involves 137 members participating on an equal footing.

[2] See Institute Memorandum [No. 32827](#), dated October 13, 2020.

[3] See Institute Memoranda [No. 32049](#), dated November 12, 2019, and [No. 32072](#) dated December 2, 2019.

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