

MEMO# 32049

November 12, 2019

ICI Global Submission to OECD Urging Exemption for Funds and their Managers from Pillar 1 Tax Proposal

[32049]

November 12, 2019 TO: ICI Members

ICI Global Members

ICI Global Tax Committee

Management Company Tax Subcommittee

Tax Committee SUBJECTS: International/Global

Tax RE: ICI Global Submission to OECD Urging Exemption for Funds and their Managers from Pillar 1 Tax Proposal

ICI Global submitted comments addressing the “Pillar One” proposal crafted by the Secretariat to the Organisation for Economic Co-operation and Development (OECD) for a “unified approach” for allocating international taxing rights.[\[1\]](#)

The letter discusses distinct issues for collective investment vehicles (CIVs) and for CIV managers – and urges that both be exempt from any tax law changes advanced under Pillar One. Specifically, the submission urges that neither CIVs nor their managers be required to allocate any deemed residual profit (Pillar One’s “Amount A”) to market jurisdictions. The most effective way to provide this exemption, the submission notes, would be to exempt all financial services from Pillar One’s Amount A.

The letter also describes the potential application of Pillar One’s “Amount B” which would establish a fixed return for certain routine marketing and distribution activities occurring in market jurisdictions. The submission urges that any costs associated with disclosures required by securities regulators be excluded from Amount B.

Finally, the letter notes additional issues that are not specific to the CIV industry. These include ensuring that (i) there is sufficient time to consult with stakeholders and craft fully-developed and administrable rules, (ii) robust dispute resolution mechanisms are in place, and (iii) losses are able to offset future tax liabilities.

ICI Global will attend the public consultation meeting at the OECD on 21 and 22 November 2019 in Paris, France.

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[Attachment](#)

endnotes

[1] See [ICI Memorandum No. 32004](#), dated October 10, 2019.

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