

MEMO# 31148

March 29, 2018

ICI Global Letter to Swiss Government Proposing Procedures by Which US Funds Establish Treaty Eligibility

[31148]

March 29, 2018 TO: ICI Members

ICI Global Members

ICI Global Tax Committee

Tax Committee SUBJECTS: International/Global

Tax RE: ICI Global Letter to Swiss Government Proposing Procedures by Which US Funds Establish Treaty Eligibility

ICI Global has been engaged with the Swiss Ministry of Finance to ensure that US funds taxed as regulated investment companies (RICs) receive Swiss withholding tax relief as provided by the Switzerland-US income tax convention. This engagement led to the Swiss government last September announcing additional types of proof that they will accept for establishing the percentage of RIC shares held by US persons.[\[1\]](#)

Today, ICI Global sent to the Swiss officials with whom we met a detailed submission regarding additional methods of establishing the percentage of shares held by US persons. One proposal would allow for certain investor information provided by intermediaries to be treated comparably to investor information provided by a proxy solicitation firm; this intermediary-generated investor information, like proxy-solicitation-firm-provided information, would be treated as being held “directly” by the fund for purposes of the procedures agreed in 2001.[\[2\]](#) A second proposal would allow RICs to treat certain share classes held by nominees as being held “directly” by the fund. “Direct” holdings are important because Switzerland will provide full treaty relief so long as at least 50 percent of a RIC’s shares are held directly and at least 95 percent of those shares are held by US persons.

The submission also includes a proposed model letter (Enclosure A) that a RIC could use to supplement a tax reclaim filing and explain how it determined the US tax residence of its investors. The proposed model letter sets forth numerous non-exclusive options that RICs could use to treat shares that are held indirectly as being held “directly.”

Keith Lawson

[Attachment No. 1](#)

[Attachment No. 2](#)

[Attachment No. 3](#)

endnotes

[1] See Institute [Memorandum No. 30865](#), dated September 7, 2017.

[2] See Institute [Memorandum No. 13720](#), dated July 12, 2001.

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