

MEMO# 8391

November 11, 1996

INSTITUTE COMMENTS ON AUSTRALIA'S TAX RULES FOR OFFSHORE FUNDS

November 11, 1996 TO: INTERNATIONAL COMMITTEE No. 38-96 TAX COMMITTEE No. 33-96
RE: INSTITUTE COMMENTS ON AUSTRALIA'S TAX RULES FOR OFFSHORE FUNDS

_____ As you may know, Australia's tax laws governing investments in foreign investment funds ("FIFs") create a significant disincentive for most Australian residents to purchase shares in offshore mutual funds. In the attached letter, the Institute urged the Financial System Inquiry, a government inquiry into Australia's financial system, to consider providing an exemption from the FIF rules for investments in U.S. mutual funds that qualify as regulated investment companies for U.S. federal tax purposes. We will keep you informed of developments. Anne M. Barr Associate Counsel - Tax Attachment

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