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INSTITUTE PAPER ON INTERNATIONAL TAXATION OF RETIREMENT SAVINGS

1 The 29 member nations of the OECD are Austria, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, New Zealand, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. June 30, 1997 TO: TAX COMMITTEE No. 21-97 INTERNATIONAL COMMITTEE No. 25-97 PENSION COMMITTEE No. 24-97 RE: INSTITUTE PAPER ON INTERNATIONAL TAXATION OF RETIREMENT SAVINGS ____ The Organization for Economic Cooperation and Development ("OECD")1 develops its recommendations for promoting economic growth, financial stability and expanded world trade by, among other things, holding periodic meetings to which international experts are invited. Next week, the Institute will participate in an OECD meeting on "Institutional Investors in the New Financial Landscape." The attached paper, "Selected Issues in International Taxation of Retirement Savings," was prepared by the Institute for presentation at the upcoming meeting. The paper observes that the global shift toward funded retirement plans -- both government sponsored or mandated plans and employer sponsored occupational-based plans -- will not be successful unless plan assets are invested effectively, both domestically and internationally. One tax impediment to the effective international investment of retirement plan assets is the tax generally imposed on non-domestic retirement plans by the country in which the plan assets are invested (the "source country"). The paper concludes with the Institute’s proposal that countries adopt, on a reciprocal basis, source-country exemptions from tax for retirement plan assets. We will keep you informed of developments. Mary S. Podesta Keith D. Lawson Associate Counsel - International Associate Counsel - Tax Attachment (in .pdf format)