

MEMO# 6222

September 16, 1994

OCTOBER 4 MEETING ON NONRESIDENT ALIEN INVESTOR TAX COMPLIANCE ISSUES

September 16, 1994 TO: INTERNATIONAL COMMITTEE NO. 15-94 OPERATIONS COMMITTEE
NO. 25-94 TAX COMMITTEE NO. 31-94 TRANSFER AGENT ADVISORY COMMITTEE NO. 36-94
RE: OCTOBER 4 MEETING ON NONRESIDENT ALIEN INVESTOR TAX COMPLIANCE ISSUES

As you may know, for several years the Internal Revenue Service ("IRS") has been studying tax compliance issues relating to nonresident alien ("NRA") investors with a view toward revising the tax withholding regulations under Code section 1441. IRS officials have indicated that proposed regulations revising the section 1441 NRA withholding rules will likely be issued later this year. A meeting to discuss NRA withholding issues will be held on Tuesday, October 4, 1994 at 10:00 a.m. in the Institute's David Silver Conference Room, 1401 H Street, N.W., 12th Floor. Lunch will be served following the meeting. Meeting attendees should be prepared to discuss the impact to the industry of, and possible recommendations on, issues such as: (1) the IRS' announced intention to eliminate the "address rule", under which payors rely upon a payee's address to determine the proper withholding rate, such as a reduced treaty rate, to apply to dividend payments; (2) the documentation that could be required from NRA investors if the address rule is eliminated; (3) the expiration date for properly executed IRS Forms W-8 and 1001, which are used by foreign investors to certify their "foreign" status and eligibility for treaty benefits; (4) procedures for payors, who incorrectly underwithhold tax, to recover from the NRA shareholder the additional tax due; and (5) procedures for reversing overwithholding regardless of (a) whether the overwithholding is "erroneous" or has been caused by the payee and (b) when the "error" is discovered or otherwise corrected. If you plan to attend the meeting on October 4, please fax the attached meeting attendance form to Theresa Brice at (202) 326-5841, or call her at (202) 326-5833, no later than September 30, 1994. We will keep you informed of developments. Keith D. Lawson Associate Counsel - Tax Attachment Please fax this portion, if you plan to attend the meeting, to Theresa Brice Investment Company Institute, 202-326-5841 MEETING ON NONRESIDENT ALIEN INVESTOR TAX COMPLIANCE ISSUES 10:00 a.m. - Tuesday, October 4, 1994 Investment Company Institute I (We) plan to attend the meeting. ATTENDEE(S)
COMPANY NAME