

MEMO# 12417

August 1, 2000

PENDING SWISS TAX RECLAIMS SURVEY

[12417] August 1, 2000 TO: TAX COMMITTEE No. 33-00 INTERNATIONAL COMMITTEE No. 24-00 ACCOUNTING/TREASURERS COMMITTEE No. 30-00 UNIT INVESTMENT TRUST COMMITTEE No. 22-00 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 22-00 RE: PENDING SWISS TAX RECLAIMS SURVEY The Swiss Federal Tax Administration (FTA) has suspended payment of tax reclaims submitted by and on behalf of U.S. funds pending reexamination of their entitlement to benefits under the U.S.- Switzerland treaty that entered into force on December 19, 1997 (Treaty). The Institute has been engaged in an ongoing dialogue with the FTA regarding the proper application of the Treaty to U.S. funds treated for Federal tax purposes as regulated investment companies (RICs). 1 Most recently, the Institute met with the FTA on July 12, 2000 to discuss their outstanding concerns. ACTION REQUESTED: In order to prepare a detailed, and hopefully final, submission to the FTA as a follow-up to our July 12 meeting, we request that any affected fund complex complete the attached survey requesting the following information for each fund with outstanding Swiss tax reclaims: -- Total US\$ Value of all Securities Held by the Fund; -- Total US\$ Value of Swiss Securities Held by the Fund; -- Percentage of Nonresident Shareholders in the Fund;2 -- US\$ Amount of Pending Swiss Tax Reclaims; -- Non-U.S. Jurisdictions, if any, where the Fund is either 1 See Institute Memorandum to Bank and Trust Advisory Committee No. 9-00; International Committee No. 11-00, Tax Committee No. 13-00; Transfer Agent Advisory Committee No. 16-00 and Securities Operations Subcommittee, dated March 24, 2000. 2 The percentage of nonresident shareholders in a Fund should be determined using available shareholder data. For example, if 40 percent of the Fund's shares were registered directly with the Fund and 60 percent of the Fund's shares were held in nominee accounts, the percentage of nonresident shareholders for the Fund would be determined using the shareholder data for 40 percent of the Fund's shares. This example assumes that the Fund would be unable to obtain underlying shareholder data for the nominee accounts. 2Registered or Marketed for Sale; and -- the Fund's Global Custodian. All survey data should be provided to the undersigned no later than Tuesday, September 5, 2000, by facsimile (to 202 326-5841). If you would prefer to respond by e-mail, please send a message to the undersigned (to dflores@ici.org) requesting an electronic copy of the attached survey. As with the prior Swiss tax reclaim data collected by the Institute, the identity of all firms and funds providing information will remain confidential. As such, it is appropriate for fund complexes to attach "generic" designations to the funds for which data is provided (such as "Fund A" or "Fund 1"), rather than specifically identifying the actual names of the funds. Only relevant data per generic fund or per generic fund complex and the aggregate amount of relevant data for the industry may be compiled and disclosed, as necessary, to the appropriate U.S. and Swiss tax authorities with whom the Institute is working to resolve this issue. Thank you in advance for your cooperation in this important survey. If you have any questions regarding the survey, please contact the undersigned (at 202 371-5436). Deanna J. Flores Assistant

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