

MEMO# 16628

October 9, 2003

CONFERENCE CALL OCT. 10 ON INSTITUTE MEETINGS IN JAPAN REGARDING TAX TREATMENT OF OFFSHORE FUNDS

[16628] October 9, 2003 TO: INTERNATIONAL COMMITTEE No. 66-03 TAX COMMITTEE No. 63-03 RE: CONFERENCE CALL OCT. 10 ON INSTITUTE MEETINGS IN JAPAN REGARDING TAX TREATMENT OF OFFSHORE FUNDS Institute representatives met in Japan last week with senior officials of the Ministry of Finance, Financial Services Agency, National Tax Agency, Investment Trusts Association, and the Japanese Securities Dealers Association, as well as member firms and U.S. embassy officials.¹ These meetings allowed the Institute to discuss the specific problems created by the tax reform legislation and to emphasize the importance of resolving those problems as quickly as possible. Attached is a follow-up letter the Institute sent to the Financial Services Agency, with copies to other relevant agencies, reiterating the need for new guidance before January 1, 2004 that provides the same 10% tax rate for investors in offshore and domestic funds. We will be supplementing the letter with a memorandum explaining why we believe this result is not only appropriate as a matter of policy, but also as a matter of Japanese law.² The Institute's letter further requests that the Japanese authorities publicly state their commitment, before the end of the year, to provide a comprehensive legislative solution by April 1, 2004 to the adverse tax treatment of investors in offshore funds. There will be a conference call Friday, October 10th, at 2:00 pm (Eastern) to discuss the latest developments in Japan. If you plan to participate in the call, please fill out the attached response form and return it to Ezella Wynn by fax (202/326-5841) or email (ewynn@ici.org). David Orlin Assistant Counsel Attachment no. 1 (in .pdf format) ¹ The ITA and the JSDA, although not government agencies, have been delegated certain regulatory responsibilities. ² We will distribute this memorandum once we submit it to the Japanese authorities.