

MEMO# 10693

February 3, 1999

FINAL REGULATIONS ON NONRESIDENT ALIEN WITHHOLDING

1 See Institute Memorandum to Tax Committee No. 40-98, Operations Committee No. 46-98, Transfer Agent Advisory Committee No. 87-98, Bank and Trust Advisory Committee No. 16-98, dated December 23, 1998. [10693] February 3, 1999 TO: TAX COMMITTEE No. 3-99 OPERATIONS COMMITTEE No. 4-99 TRANSFER AGENT ADVISORY COMMITTEE No. 12-99 BANK AND TRUST ADVISORY COMMITTEE No. 3-99 RE: FINAL REGULATIONS ON NONRESIDENT ALIEN WITHHOLDING

Attached to this memorandum is a detailed outline discussing the final withholding tax regulations issued by the Internal Revenue Service ("IRS") which apply to certain US source income paid after December 31, 1999 to persons who are neither citizens nor residents of the United States ("nonresident aliens" or "NRAs"). The attached outline also discusses (1) the transition rules pursuant to which new IRS Form W-8 withholding certificates will replace current IRS Forms W-8, 1001, 4224 and 8709 and (2) guidance issued by the IRS regarding procedures whereby certain foreign persons, such as banks and brokers, and foreign branches of US banks can become "qualified intermediaries" for withholding tax and information reporting purposes. As we previously informed you, the Institute will hold a meeting on Tuesday, February 9, 1999 to discuss the impact of the final regulations on regulated investment companies and the transition rules for the new Form W-8 withholding certificates.¹ Any questions regarding the attached outline should be directed to the undersigned at 202.371.5436 or dflores@ici.org. Inquiries regarding procedures to attend the February 9, 1999 meeting should be directed to the Institute's Gloria Davis at 202.371.5407 or gdavis@ici.org. Deanna J. Flores Assistant Counsel Attachment