

## VIDEO

October 30, 2015

# Focus on Funds: Global Tax Update

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## Global Tax Update

The October 30, 2015, edition of *Focus on Funds* gives an update on current tax issues facing global funds and their investors.

### Transcript

**Stephanie Ortbals-Tibbs, ICI Director, Media Relations:** Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Globally, there are so many significant tax developments for funds and their investors and ICI's Keith Lawson has been keeping track of all of them. Recently, at the ICI Tax and Accounting Conference, he offered me an update.

There's never any shortage of issues to talk about when we're talking about tax issues that affect funds and especially on the global front. What list should we tick through these days of the most active issues?

**Keith Lawson, Deputy General Counsel, Tax Law:** Well, that's a tough question because there is so much going on. You know, one of the big issues for the industry is the need for tax certainty and there are a number of issues we've been working on that deal with uncertain tax positions. There's a capital gains tax issue in China that's being sorted out at the moment, there's a minimum alternate tax issue in India that I think is probably sorted out, but depending on when this airs and when the Indian supreme court rules, or when the legislation is enacted, that's either solved or it's not, but it seems to be headed the right way. The OECD has been working a lot on Base Erosion and Profit Shifting, which are initiatives designed to bring more rational behavior across countries in how they deal with corporate taxes and there's some issues there for the industry with tax treaties and whether or not you have a taxable jurisdiction or tax liability in a country. There are also issues with information reporting. There's just an awful lot going on. Financial transaction tax, I guess, is the one other thing where Europe is still thinking about a financial transaction tax. The politicians are very much in favor. I was in Brussels last week talking to financial attachés about the technical issues—there are some very, very bright people working for some of the permanent representative offices with the EU, working very closely on this issue with their colleagues and they're difficult issues that they're trying to reach

conclusions on that they can get some consensus among at least nine countries. But whether they can or not really is an open question. It's one that we continue to follow closely.

**Ortbals-Tibbs:** It is a big question, it would have big implications for our members, and there's also continuing work in the EU on the reclaims issue.

**Lawson:** Yes, the reclaim issue is a very interesting one. It involves an EU treaty—to which the U.S. obviously is not a party or any other members of ICI Global that are not in Europe—whereby the free movement of a capital says you can't provide better treatment to your own taxpayers than you provide to others. And so countries that impose withholding tax on, say, U.S. funds, but not on their own funds have some issues with the European Union Treaty. And we've been very actively involved with our members and their advisers on these issues. There are favorable court decisions in Sweden and Finland and to some, but a little lesser, extent in Poland, and we're working in other countries—France, Germany, Spain, and other places—to try to get these issues...Also getting the SEC involved where if one of the questions is: can you get some sort of proof that you're a registered investment company, the SEC can help with that. So there's an awful lot going on in the international space.

**Ortbals-Tibbs:** That's this week in funds. See you next week.

## **Additional Resources**

- [ICI Global Policy Priorities on Tax Issues](#)
- [Financial Transaction Tax Resource Center](#)

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