

Tax Withholding News

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U.S. Withholding Tax Congress

Wrap Up of "Withholding Tax on US-Sourced Income"

The first international conference dedicated to education, discussion and analysis of U.S. withholding tax regulations was held in London in October 2009. GlobeTax is pleased to have been a sponsor of the U.S. Withholding Tax Conference, which attracted over 120 attendees from thirteen countries. The two day event was broadcast online to delegates worldwide. GlobeTax Managing Director Ross McGill chaired the event.

The conference, which focused on the effects of U.S. tax policy, was the largest of its kind, held outside of the U.S., since the Internal Revenue Code (IRC) Section 1441 NRA regulations were issued in 2001. In the intervening period, the Qualified Intermediary (QI) program of the U.S. Internal Revenue Service (IRS) appears not only to have failed to catch the attention of the majority of the world's financial firms (only 6,500 of over 30,000 financial institutions have registered as QIs in the ensuing eight year period), but the increased IRS compliance requirements continue to cause problems for non-U.S. firms, whether or not they have U.S. resident clients. The conference was also called to debate the effects of IRS Notice 2008-98, which has caused a furor in the marketplace since it was announced. If its terms are implemented, an already problematic situation will become increasingly complex and costly.

In his opening address, Mr. McGill highlighted the potential effects that could result from this increased regulatory burden at such a sensitive time for financial firms. Aggressively targeting non-U.S. firms with compliance burdens that lead to increased systems requirements will certainly entail additional costs, which will likely be passed on to investors. As a result, these investors may seek other markets that have lower associated costs of investment.

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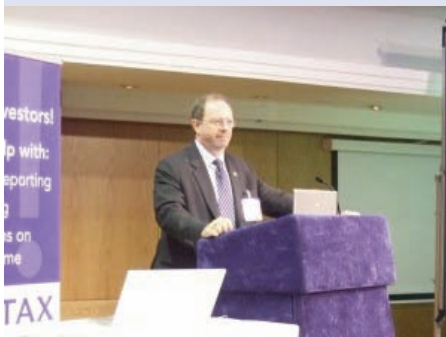
GlobeTax Opens Asia - Pacific Office

Steve Farrage appointed Regional Manager

In September 2009, GlobeTax further expanded its global footprint by opening an office in Sydney, Australia, its first in the Asia Pacific region. This was a natural move for our firm, given the increasing level of cross border investment originating in the area and its current strong economic growth rate.

Estimates of 2009 GDP growth for China and India are between 6% and 9%. Other countries in the region are also exhibiting strong growth levels. Income distribution is also increasing. Currently, McKinsey estimates that there are

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GlobeTax Managing Director Ross McGill addresses the Withholding Tax Congress in London

...U.S. Withholding Tax Conference (cont'd from page 1)

In addition, many delegates pointed out that there are efforts already in place at many firms to either stop servicing U.S. customers entirely and advising clients not to invest in the U.S.

Tomas Thorsen, from the EU's FISCO group, announced that the FISCO recommendations on withholding tax had been accepted by all 27 member states, and that implementation groups would be formed to move to the next stage. Richard Young of SWIFT, who also spoke about automation opportunities, underpinned the EU's move by noting that the OECD was moving in the same direction. It was clear to delegates that, while the U.S. tax information reporting process is difficult to administer and is likely going to become even more complicated, the EU and OECD markets appear to be moving towards a similar model, highlighting the need for some innovative solutions from vendors and strategic thought by financial firms.

Other speakers, including GlobeTax President & CEO Martin S. Foont, emphasized that the increased complexity of the regulations would likely create more occurrences of relief at source elements not being honored on pay dates, either due to account structures or lack of documentation. Therefore, the net impact of the changes may increase the volume of post-dividend payment "long form" claims to the U.S.

New legislation is being considered by the U.S. Congress, and will likely be acted on in 2010. Given the potentially broad impact of such legislation, a second conference on U.S. tax policy is planned for early 2010.

...GlobeTax Opens Asia-Pacific Office (cont'd from page 1)



Sydney Opera House in Sydney, Australia

110 million families throughout Asia earning over US\$10,000 per year. That number is projected to exceed 200 million by 2012. The rise in income has been shown to correlate with the percent of savings against GDP. Economies such as those of Hong Kong, Singapore, Taiwan and South Korea have had a robust investment industry for decades. The emerging market economies of Asia have a much younger investment industry, with the average investment fund being 15-20 years old. As the region develops further, we expect that the fund industry will continue to grow, increasing cross-border investments and expanding the need for asset servicing overall and tax reclamation in particular. GlobeTax's Sydney office will enable the firm to intensify its coverage in this crucial region, while increasing the level of service and accessibility available to our clients.



Steve Farrage has joined GlobeTax as Regional Manager – Asia Pacific, heading up the new Sydney office. Steve brings many years of experience in banking and financial services to his position. He comes to GlobeTax after 14 years at SWIFT (Society for Worldwide Interbank Financial Telecommunication), where he most recently served as Head of Regional Sales for Australia, New Zealand and the Pacific Islands. Previously, he held other positions with SWIFT in Hong Kong and Tokyo. Prior to joining SWIFT, Steve was with HSBC, where he was responsible for developing their Eurobond operations.

GlobeTax is delighted to welcome Steve Farrage to our family and is looking forward to his contributions.

GlobeTax Debuts New Website

GlobeTax was pleased to debut the redesign of GlobeTax.com on October 15th. The website now has a simplified aesthetic and streamlined page layout and navigational structure. All changes have been made with the objective of increasing ease of navigation throughout the site. It is our hope that the new GlobeTax.com will make it easier for users to access needed information and better understand our services.

Additionally, we will be revamping our service portal sites over the coming months. eCerts, GlobeTax's online Certificate of Residency creation tool, is now live with a new design and streamlined user interface. Similar upgrades of ESP and eDocs are planned for the near future.

We invite you to take a moment to visit the new and improved GlobeTax.com. As always, for the most up to date information on market updates, DTC Important Notices, and new developments in the world of withholding tax, please subscribe to our RSS feeds, accessible through the homepage.

Upcoming Events

GlobeTax staff will be participating in these exciting events in the coming months.

2010 Events

MFA Network

January 31 - February 2 2010

The Ritz-Carlton, Key Biscayne FL

www.managedfunds.org

DTC Tax Seminar

Date TBA

New York, NY

www.dtcc.com

FIRMA Annual Meeting

March 28 - April 1 2010

San Francisco, CA

www.thefirma.org

Boston Hedge Fund

Group Symposium

May 10, 2010

Boston, MA

www.bhfg.com

Market Updates

*These updates reflect changes made from September through December, 2009.**

China: Released regulations detailing

the procedures for handling non-resident claims under double taxation treaties. The regulations are effective October 1, 2009. The statute of Limitations is 3 years from pay date.

Greece: The Statute of Limitations for reclaiming overwithheld taxes is 3 years, dated from the end of the year in which the dividend was paid.

Statutory Rate Changes:

Panama: Reduced the rate of withholding tax on dividend income from 20% to 5%.

New Treaties effective 2009

France - Syria

Malaysia - Venezuela

Luxembourg - India

New Treaties for 2010

Austria - Turkey

Bahrain - Netherlands

Bahrain - Pakistan

Croatia - Italy

Cyprus - Czech Republic

Germany - Mexico

Germany- Russia

Lithuania - Serbia

Mexico - Netherlands

Morocco - Pakistan

Peru - Brazil

Spain - Trinidad and Tobago

West African Economic and Monetary Trade Union (WAEMU)- *(Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo)
Qatar - Netherlands

**Please note that the list published here is not an exhaustive list.*

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