

Publications

Non-US Pension Funds May Be Subject to New IRS Reporting and Withholding on US Investments

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SERVICES

In March 2010, the US Congress passed the Foreign Account Tax Compliance Act, or “FATCA”. This new law should be of particular concern to non-US pension funds investing in the US, as they may be subject to withholding on payments of US-source interest, dividends and capital gains unless the fund enters into an agreement with the IRS to undertake fairly onerous information reporting. Recent preliminary IRS guidance has fielded an exemption for non-US pension funds which may be too narrow for many non-US plans to meet. The IRS has asked for comments on the proposed exemption prior to the issuance of formal regulations, and we would encourage non-US pension plans that do not meet the exemption and their service providers to consider making such comments. The Groom Law Group has experience in crafting and presenting such comments with US regulators in an effective manner. Please see the attached memo on FATCA and its implications for non-US pension plans.