

OECD releases funds tax reports

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The Organisation for Economic Co-operation and Development (OECD) finds investment funds are entitled to treaty benefits.

Previous issues have commented on the OECD's joint Government and Industry group examining the problems of granting treaty benefits to funds and streamlining international procedures. The OECD has now issued the reports of the group and is calling for public comment before 6th March 2009.

The issues addressed have major implications for promoters, service providers and paying agents. The timing of the release is particularly relevant in light of governments' renewed focus on tax compliance, reporting and the exchange of tax information.

Key conclusions of the reports are:

- Investment funds are entitled to treaty benefits;
- A fund is entitled to claim in its own right or on behalf of investors;
- New treaties should contain provisions covering funds;
- Best practice is to grant treaty benefits at source;
- Governments and industry need electronic systems that minimise cost;
- Governments need systems that ensure proper compliance and reporting;
- Authorised intermediaries should be able to claim benefits on a pooled basis.

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