

19<sup>th</sup> & 20<sup>th</sup> November 2007

Boston

# US Funds and German Investors

## German Fund Tax Law

for mutual funds, hedge funds and private equity funds

Participants will develop an in-depth understanding of:

- The German Market Entry Landscape
- Quality Compliance as a decisive German Market Entry Factor
- Tax and Regulatory Requirements and Opportunities

Gain insight into crucial issues:

- Publication Requirements
- German Fund Tax Accounting Rules
- Workshop with Case Studies

Speakers:

Christian Bischler, WTS Germany  
Steffen Gnutzmann, WTS Germany  
Lars Heise, State Street USA  
Francis Helverson, WTS USA  
Marek Praschma, WTS Germany  
Robert Welzel, WTS Germany

**Börsen-Zeitung**

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### Purpose

The seminar offers intense training in German Fund Tax Law covering 4 sessions on 2 days. Each session can be booked separately.

**Day 1** provides to team members from capital introduction, fund promoters and product developers an in-depth understanding of the German market entry landscape.

**In Session 1** the participants hear an overview of the German marketplace for funds and fund related products. The participants will understand the eligibility of different fund products for various German investor groups. Ideas concerning the structuring of funds and comparable products for the efficient distribution in Germany will be presented. The German tax and regulatory fundamentals will be compared to the US rules. State Street Corporation Boston will report on its German tax reporting experience.

**Session 2** provides an overview of the general principles of German fund tax law, and an introduction to German taxation of investors in mutual, hedge and private equity funds. It also explains the important effects of the 2008 German tax reform law recently passed in the legislature.

**Day 2** provides to fund administration the quality German compliance approach supporting market entry.

**Session 3** concentrates on the details of German fund tax law like the year-end (DDI) reporting, the Aktiengewinn (equity gain) and the Zwischengewinn (interim profit), and imparts practical knowledge on how to generate from the fund's accounting system the data necessary for German tax reporting.

During **Session 4** the participants will work on German fund tax reporting examples using practical case studies.

### Synopsis

Boston is one of the key centres in the world for the conception, production and administration of mutual funds in particular. US Funds that originally focused on US investors are increasingly looking for European money. Germany is one of the biggest European marketplaces for such funds. US based funds need to be cognizant of German fund tax law and regulations, and be able to meet the requirements of tax reporting, in order to provide German investors with the most favourable tax treatment and after-tax returns.

As long as a US fund observes the German rules for private placement, Germany is a liberal environment for the marketing department. When addressing German institutional money, however, certain regulatory conditions (e.g. for German insurers) have to be observed.

German fund tax reporting applies both to hedge and mutual funds, but not to private equity funds. While German fund tax reporting is not rocket science, it does have its nitty-gritty details that ought to be taken seriously, especially in light of the requirement under German fund tax law of a certificate for a tax transparent hedge or mutual fund. This certificate needs to be issued by an independent third party (tax advisor, auditor or lawyer) and can be issued only if the German tax reporting of the fund is in line with the rules of German fund tax law. The certificate is the prerequisite for beneficial taxation of the German investor and, thus, essential for the marketability of the fund in Germany.

The 2 day seminar is geared towards promoters of funds of all types who need to understand the regulatory and tax background for marketing their products to German

investors, and the tax implications of their envisaged strategies for the German investor. In addition, the seminar is addressed to mutual and hedge fund administrators who face the requirements of German fund tax reporting.

- ◆ Why German tax reporting?
- ◆ What techniques are the top fund administrators today using for their German tax reporting?
- ◆ Opportunities to enhance the after tax return for the German investor.
- ◆ How to get the German asset classification right?
- ◆ Interaction between year-end reporting and daily (Aktiengewinn / Interim Profit) reporting.
- ◆ What should the „G-Tax Review package“ look like?
- ◆ What are the 10 biggest mistakes a fund administrator could make that would adversely affect the German tax reporting of the fund?
- ◆ FIN 48 - The impact of EU court decisions on German fund tax law.
- ◆ Details and impact of the draft tax reform for 2008.

### Speakers

*Christian Bischler – WTS Germany*

*Steffen Gnutzmann – WTS Germany*

*Lars Heise – State Street USA*

*Francis Helverson – WTS USA*

*Marek Praschma – WTS Germany*

*Robert Welzel – WTS Germany*

The speakers from WTS Germany each have long-term and successful track records in German fund regulatory and tax law. They worked together at PwC Frankfurt/M. for several years and were participants in the PwC centre of excellence for German fund regulatory and tax law which advised international mutual and hedge funds. In the spring of 2007, the speakers left PwC together as a team and joined WTS. As a specialized tax consultancy firm WTS ranks among the biggest firms in the industry in Germany.

**Lars Heise** leads the International Tax Team within MFA Administration at State Street focusing on the tax reporting for on- and offshore hedge and mutual funds. Lars brings a three year investment management experience from PriceWaterhouseCoopers Frankfurt. Lars was responsible for non-German hedge and mutual funds as well as Irish and US-American service providers.

**Francis Helverson** is a US tax attorney whose practice involves advising US funds and European institutional investors. Prior to joining WTS US, Francis spent several years advising German companies and investors at KPMG Frankfurt/M.

**Supported by WM Datenservice, Frankfurt/Main, Germany**

WM Datenservice has been a leading provider of Financial Reference Data in Europe for 60 years. The emphasis in this case is on financial data relevant to taxation. The data requirements of investment fund companies are covered by a multitude of WM products, available by ad hoc selection, data feed, or via the internet. WM Datenservice also offers fund reporting service agreements, enhancing the transparency of international funds as per statutory regulations, as well as supporting the marketing and sales of fund units. Andrea Leideck, member of the Product Development and International Marketing teams will be present to provide you with further information.

## Day 1: The German Market Entry Landscape

Session 1 (Day 1 from 8:30 a.m. – 12:30 p.m.)

### A. The German marketplace for US based funds and products

- ◆ Eligibility of funds and fund-related products for various German investor groups (insurers, banks, corporates, funds, HNWI, retail investors)
- ◆ Overview of tax and regulatory conditions to be met for market entry
- ◆ How to structure funds and other products for efficient distribution in Germany and Europe
- ◆ Comparison to US regulation and US taxation
- ◆ State Street Corporation on experience with German tax reporting

Session 2 (Day 1 from 1:30 p.m. – 5:30 p.m.)

### B. Introduction on German Tax Issues

- ◆ German Tax for Mutual and Hedge Funds
- ◆ German fund tax reporting - why do we have it? What is it?
- ◆ Intransparency – what are the disadvantages for the fund investor?
- ◆ Transparency – what are the benefits for the fund investor?
- ◆ German Tax for Private Equity Funds
- ◆ Recent German tax reform for PE investments in Germany
- ◆ Introduction of a new German PE/VC regime
- ◆ German Tax for Structured Products and Other Instruments
- ◆ Introduction of capital gains taxation for private investors
- ◆ Grandfathering rules for funds and wrapper products
- ◆ Tax structuring opportunities

## Day 2: Quality Compliance as a decisive German market entry factor

Session 3 (Day 2 from 8:30 a.m. – 12:30 p.m.)

### C. Details

- ◆ Publication Requirements for Tax Transparency / Certificate – when, where, how?
- ◆ German Fund Tax Accounting Rules, incl. WHT, Allocation of Expenses
- ◆ German Asset Classification (e.g. Debt vs. Equity)
- ◆ Income from Equity, from Debt and from Target Funds
- ◆ Special Issues for Derivatives
- ◆ Special Issues for Hedge Funds
- ◆ Exit Taxation for the Private Investor: Interim Profit, ADDI
- ◆ Exit Taxation for the Corporate Investor: Aktiengewinn
- ◆ The G-Tax Review Package

### D. Outlook

- ◆ Current Developments in G-Tax
- ◆ Introduction of a Flat Rate Capital Gains Tax Regime for 2009
- ◆ Possibilities for Tax Optimisation
- ◆ The Impact of recent EU Court Decisions

Session 4 (Day 2 from 1:30 p.m. – 5:30 p.m.)

### E. Case Studies:

- ◆ How to calculate the year-end reporting (distribution, deemed distribution)?
- ◆ The effect of the year-end reporting on the Interim Profit and on the Aktiengewinn
- ◆ How to calculate the ADDI?
- ◆ Reconciliation from US GAAP accounting to German fund tax reporting
- ◆ German fund tax reporting – the 10 biggest mistakes for mutual and hedge funds.

17:30 Close of Seminar

## Organisation/Questions

WM Seminare ♦ Postfach 11 09 32 ♦ 60044 Frankfurt am Main / Germany ♦ Phone:(+49) 69 / 27 32-553 ♦ Fax:(+49) 69 / 27 32-200 ♦ www.wm-seminare.com

### Date

19<sup>th</sup> & 20<sup>th</sup> November 2007 in Boston  
8.30 a.m. till approx. 5:30 p.m.

### Conference Venue

State Street Corporation Boston  
200 Clarendon Street, PTG009  
Boston, MA 02116

## Registration to the Conference

(accepting the participation conditions)

I will participate

- in  1 Module (\$ 500)  
 2 Modules (\$ 900)  
 3 Modules (\$ 1,200)  
 all Modules (\$ 1,400)

of the WM Conference "German Fund Tax Law" in Boston on 19<sup>th</sup> and 20<sup>th</sup> November will pay the conference fee and tax on invoice by cheque. Please charge to  my  my organisation's account.

### Terms & Conditions:

After receiving your booking form, a receipt and an invoice over the admission fee of USD 500.-/900.-/1,200/1,400 will be issued. Payment must be received prior to the conference date. Due to limited conference space, we advise early registration to avoid disappointment. Fees are inclusive of all materials and refreshments. Luncheon is included only if 2 modules per day are booked. Event programme content is subject to change without notice.

Please ask for **special offers**, if **more than 2 people** from your company would like to attend:  
by e-mail: v.simon@boersen-zeitung.com  
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### Cancellation/Substitution:

By signing this booking form your registration is binding. Non-attendance does not constitute cancellation, the full conference fee is payable and is non refundable. Substitutions are allowed at no extra charge. Cancellation will be subject to an administration fee of USD 300,-. If, for any reason, WM Seminare decides to cancel or postpone this conference, WM Seminare is not responsible for covering airfare, hotel, or other travel costs incurred by clients. The conference fee will be refunded.

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