

FROM: Juliet Phillips, Tax Manager
LOCATION: TAX/G4/441
EXTENSION: 6839
DATE: 12 October 2004
REFERENCE: Y3407
SUBJECT: **US TAX: QUALIFYING FOR THE BENEFITS OF THE
NEW US-UK TAX TREATY FROM 1 JANUARY 2005**
ATTACHMENTS: None
ACTION POINTS: To note
DEADLINE: None

1. *Introduction*

- 1.1 A number of corporate members have asked what they need to do in order to prove that they are eligible for benefits under the new US-UK double taxation treaty. Lloyd's has been in discussion with the US tax authorities, and members need take no action in the immediate term. We will issue a further bulletin shortly giving details of the procedure to follow and information needed.

2. *Detail*

- 2.1 On 31 March 2003 a new double taxation treaty was ratified between the US and the UK. The US treaty governs the taxation of UK resident taxpayers, including UK resident Lloyd's members, on their US business. Lloyd's Market Bulletin Y3211 of 15 December 2003 gave details of the treaty provisions affecting Lloyd's members and the procedure under which members would remain under the provisions of the old treaty until 31 December 2004 unless they elected otherwise.
- 2.2 The new US treaty contains a complex series of provisions which a company must pass in order to receive treaty benefits, in addition to being UK tax resident. We are currently in discussion with the US tax authorities in an attempt to reduce the administrative burden on members of demonstrating their eligibility for benefits.
- 2.3 The further bulletin will set out details of what a member needs to do in order to receive treaty benefits in relation to Federal Income Tax (FIT) and Federal Excise Tax (FET).

2.4 In the meantime Lloyd's FET Closing Agreement entitles Lloyd's syndicates to receive insurance and reinsurance premiums without FET being withheld.

3. *Readership and contact details*

3.1 This bulletin is being sent to all underwriting agents, direct corporate members, recognised auditors and accountants.

3.2 If you have any queries please contact:

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