

# INSTITUTE OF INTERNATIONAL BANKERS

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LAWRENCE R. USLUICK  
EXECUTIVE DIRECTOR AND GENERAL

November 18, 2002

CC:DOM:ITA:RU (REG-133254-02)

Room 5226

Internal Revenue Service

POB 7604

Ben Franklin Station

Washington, D.C. 20044

Re: Request to Speak at the December 5, 2002 Public Hearing on Revised  
Proposed Regulations Requiring the Reporting of Deposit Interest Paid to  
Nonresident Alien Individuals

Ladies and Gentlemen:

The Institute of International Bankers requests permission to speak at the above-referenced public hearing. The Institute's comments will be made by the undersigned (or a designee) and will include the following points:

1. NRA reporting requirements are contrary to the well-established and Congressionally ratified policy of exempting interest on NRA deposits from U.S. tax in order to encourage foreign investors to deposit funds in U.S. bank offices and thereby provide additional liquidity to the U.S. banking system.
2. NRA reporting requirements are not necessary to ensure compliance with U.S. law by holders of U.S. bank deposits, because bank deposit interest earned by NRAs is exempt from U.S. tax and banks are already required to report interest earned by non-exempt U.S. persons.
3. NRA deposits are made in the United States because of the high level of confidentiality accorded to banking relationships here. Information reporting will undermine that confidentiality and lead to an outflow of NRA deposits from U.S. banks.
4. NRA reporting is inconsistent with the Qualified Intermediary (QI) reporting regime, which permits the United States to monitor compliance with its tax laws while protecting the confidentiality of the identity of foreign investors.
5. NRA reporting requirements will require costly modifications to computer programs, information reporting systems and "back office" operations of many

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The Institute's mission is to solve the many special legislative, regulatory and tax issues confronting internationally headquartered financial institutions that engage in banking, securities and/or insurance activities in the United States.

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institutions that far outweigh the benefit the U.S. may receive as a result of increased compliance by U.S. taxpayers who would otherwise file false claims of foreign tax status.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lawrence R. Uhlick". The signature is written in a cursive style with a prominent initial "L".

Lawrence R. Uhlick  
Executive Director and  
General Counsel