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NEW IRS TAX REGULATIONS

Starting January 1, 2001, a new withholding tax system took affect in the US. US investors are no longer allowed to make or hold investments in US domestic securities through foreign banks without duly declaring and paying taxes on the gains. For countries with strict banking confidentiality where extended reporting is not feasible, banks are required to levy a 31% backup withholding tax on US investors who fail to disclose their taxable holdings.

The tax applies to interest, dividends, and all proceeds from sales and redemption's of US domestic securities.

One of the main features of the new system is the classification of banking clients as either US persons or non-US persons. US persons are defined as persons having US citizenship or US residence status, and entities either organized in the US or organized by US persons.

This includes dual citizens and green card holders. If you have accounts with other foreign banks, you may have already received the identity declaration forms.

For other foreign bank accounts you may be holding in which you may want to keep private, you should instruct those banks to dispose of all US domestic securities.

Swiss annuities are not affected by the new regulations.