



North Carolina
Total Retirement Plans



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STATE TREASURER OF NORTH CAROLINA
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MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Mary Buonfiglio, Director, Supplemental Retirement Plans

DATE: December 3, 2020

RE: Global Tax Compliance Services

The tax consulting firm Ernst & Young (EY) provides global tax compliance services to the North Carolina Supplemental Retirement Plans. These services primarily consist of the preparation and/or review of tax filings and tax advice and assistance concerning non-US tax issues. These filings primarily pertain to investments in India.

Background:

Although the North Carolina Supplemental Retirement Plans are tax-exempt, governmental defined contribution plans, foreign tax authorities may require tax filings to demonstrate and affirm the Plans' tax-exempt status. These tax filings are necessary in order for the Plans to recoup withheld taxes and / or receive favorable tax status. Filings required by the foreign tax authority are typically complex, subject to change and may or may not be provided in the English language.

Bank of New York Mellon (BNYM) is the global custodian of the Plans and operates in coordination with sub-custodians in international markets. As directed custodian, BNYM provides assistance and support with most foreign tax filings, however, some filings, particularly in India, require country-specific tax expertise outside of the scope of BNYM's responsibilities.

EY's current 5-year contract expires January 1, 2021 and has two, 1-year renewals. Staff has requested a six-month renewal through June 30, 2021. EY provides tax consulting services when requested and assesses fees according to an agreed upon schedule only when services are provided. Our expense associated with these services in 2020 is approximately \$45,000. EY also provides tax consulting to the Investment Management Division (IMD) for investments held within the North Carolina pension portfolio and SRP staff has coordinated negotiations with IMD to obtain favorable pricing.



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Recommendation:

Consistent with the Department's Vendor Selection Policy, staff seeks board approval to act on the Board's behalf to evaluate global tax compliance vendors and recommend a vendor to the Board at the conclusion of the evaluation process.