

TAX ADJUSTMENT POLICY GUIDES

- (1) Any tax adjustment formula or procedure adopted must conform to the By-Laws of the Bank and should conform, if possible, to the formula or procedure adopted by the Fund.
- (2) To the fullest extent possible the same standards should be employed in determining the tax adjustments to be made to all persons entitled thereto under the By-Laws.
- (3) Tax adjustments should be paid by the Bank only when the person claiming the adjustment notifies the Bank, in writing, that amounts paid to him by the Bank are subject to taxation by the national government of the country of which he is a citizen or subject. In any case in which the Bank deems it appropriate, it shall be free to make an independent examination of the question of the individual's liability to pay taxes or of the amount required to be paid. To this end the Bank shall be free, either on its own behalf or on behalf of the individual involved, to contest either liability or amount with the proper tax authorities; it being understood that the Bank agrees to hold the individual harmless against all costs, penalties, etc. that may arise from such contest.
- (4) If the person claiming a tax adjustment serves the Bank during his entire taxable year, the adjustment shall be equal to the income taxes which he would be liable to pay if his income from the Bank constituted the whole of his taxable income.
- (5) In any taxable year in which the person serves only a part of the year, his taxable income from other sources for personal services shall be considered in determining the amount to be paid by the Bank. If his other taxable income of the type is earned at an annual rate equal to or less than the annual rate of his taxable income payable to him by the Bank, it is intended that he shall pay taxes on the amount of such other income actually received only at the rate which he would have paid if his other occupation had been carried on during the entire taxable year and he had no other income. If his other taxable income of this type is earned at an annual rate greater than the annual rate of his taxable income payable to him by the Bank, it

is intended that the Bank shall pay to him a pro rata share of the taxes which would be payable on his taxable income from the Bank if he had served the Bank for the entire taxable year and had had no other income.

- (6) The person claiming the tax adjustment shall agree to furnish, upon request, to the Bank all pertinent evidence with respect to his tax adjustment and liability. He shall further agree to take advantage of any provision in the tax laws, regulations or rules of the national government of which he is a citizen or subject which would reduce or eliminate the obligation assumed by the Bank under the By-Laws.
- (7) Any tax adjustment which shall be due to a person pursuant to the By-Laws shall be paid by the Bank at such time or times as such person is required to meet his tax liabilities. Such payments shall be made in the currency in which the tax has been paid or in which the tax liability exists. If such person is required to make payments on the basis of an estimated return, payments made by the Bank shall be adjusted when such person's payments to the taxing authorities are adjusted.
- (8) As used in this statement of policy, the term "national government" shall include the government of any state, province, municipality, county or any other political subdivision of the country of which the person claiming the tax adjustment is a citizen or subject as well as the government of the country itself.