

Responses to Questions for RFP #2012-001

1. As part of our Project Management Office (PMO) we will appoint an individual to manage daily activities thereby providing the Commonwealth with a single point of contact for all engagement matters. Will the Commonwealth also appoint a single person responsible for daily activities with whom EY will directly work? If not, please describe the format that you envision on an on-going basis, including number and location of Commonwealth contacts.

No. There will be one contact per Agency.

2. “Scope of Services” – Review monthly tax provision – In our experience with non-resident investor reporting activities, this is not a commonly requested service by our clients. Can you please elaborate on your expectations for this service? (Please be as specific as possible.) Is this service limited to a specific jurisdiction or does it apply to all foreign countries?

This is a service that may be required in the future. At this point in time the foreign tax liability is not material enough to warrant a tax provision. It would be limited to those jurisdictions which have foreign tax agent requirements.

3. For the purposes of this RFP, please confirm requested “Scope of Services” is limited to the 11 jurisdictions listed on page 19. (Bangladesh, China, Costa Rica, India, Kuwait, Pakistan, Peru, Philippines, Romania, Venezuela and Taiwan)

The services in the RFP would apply to any country which currently or prospectively requires representation by a local tax agent in order to participate in its market. The countries listed on page 19 are the jurisdictions which the Commonwealth is aware of as having current global tax agent representation requirements. Currently we have Tax Agents in India, Pakistan, Taiwan and Venezuela.

4. In our review of the materials, we noted four of the countries (Bangladesh, Costa Rica, Kuwait and Romania) are included on the proposal on page 19, but not listed in Exhibit 1. Can you please explain why they are not included in Exhibit 1? Has the Commonwealth entered into these markets after 31-May-12 or are they new markets in which the Commonwealth expects to enter in the near future?

The countries listed on page 19 are the jurisdictions which the Commonwealth is aware of as having current global tax agent representation requirements. The Commonwealth could enter into any country at any time.

5. On page 2 in section I-11 the Response Date section, it indicates proposals will not be accepted via email or facsimile transmission. Later in the proposal, on page 14 the RFP indicates the electronic submission should not contain a fee schedule. Are we providing proposal submissions according to the instructions in section I-12 Proposals, which can be found on pages 2 and 3 of the RFP?

Please follow the instructions in section I-12. You will submit 9 hard copies of the Technical in one envelope; 9 hard copies of the Cost in one sealed envelope; and 2 copies of the Disadvantaged Business in one sealed envelope. No costs should be included in the technical submission. Also you will need to submit two CDs or Flash drives of each of the submittals; two for Technical; two for Cost; two for Disadvantage Business

6. For our proposal response, should we assume all investment securities and debts are traded in public markets (i.e. publicly traded)? If not, what other types of investments does the Commonwealth have?

No. Other assets include limited partnership interests in its Alternative Investments (Private Equity) and Real Assets (Real Estate) asset classes. Currently these are not considered in the scope of the RFP.

7. For purposes of investing, does the Commonwealth invest into each jurisdiction as the equivalent of a single entity (i.e. having only one tax registration number per jurisdiction)? If not, please indicate the number of registered tax ID's by jurisdiction.

No. Each Agency has its own tax I.D. number.

8. Does the Commonwealth's Funds investment manager(s) have local-country investment managers in those jurisdictions listed in the RFP Exhibit 1? If so, please provide the name of the local country investment manager in each country.

Most of Investment Managers are based in the U.S. or U.K.

9. In the jurisdictions listed in the RFP Exhibit 1 in which the Commonwealth's Funds have investments, does the Commonwealth's sub-custodian, Bank of New York Mellon, already maintain a local account in each jurisdiction?

Yes.

10. Is each of the Funds considered a discrete investor for tax purposes in those countries listed in Exhibit 1, such that each Fund potentially would need the listed services in the RFP separately?

Yes.

11. What entity or agency should be considered to be the beneficial owner of the Funds?

Each Agency is the beneficial owner of its respective fund.

12. What was the value of the investment by Fund in each of the jurisdictions listed in Exhibit 1 as of 31 December 2012 (or most recently completed period for which this information is available)?

See Attachment I.

13. What is the number of separate investment types by Fund in each of the jurisdictions listed in Exhibit 1 as of 31 December 2012 (or most recently completed period for which this information is available)? For example, in addition to investments in publicly traded companies, do the Funds also have investments in hedge funds, private equity, etc.?

The Commonwealth has equity and fixed income investments in many of the countries listed in Exhibit 1, and has hedge fund investments in some of the countries. The Commonwealth also has private equity and real estate limited partnership investments but currently these are not considered in the scope of the RFP.

14. During the last fiscal year for each Fund, how many transactions (e.g., investments, trades, divestments, dividend payments, and interest coupon payments) were made in/from each jurisdiction?

See Attachment I.

15. During the last fiscal year for each Fund, how many foreign filings were required in each jurisdiction listed in Exhibit 1 and what was the frequency of the required filings (e.g., quarterly, annually, etc.)

India- annual filing of income tax return.

Pakistan- quarterly filing of capital gains taxes due; annual filing of capital gains and dividend taxes due.

16. How many Form K-1s has the Commonwealth received by Fund that reflect income from and foreign taxes paid on its non-US investments for the period ending 31 December 2011 (or most recently completed period for which this information is available)? Would the Commonwealth be willing to share copies of those K-1s or alternatively a summary of those K-1s listing by jurisdiction foreign source income by type of income (e.g., dividend, interest, capital gain) and foreign taxes paid for each Fund?

Preparation of K-1s are not considered in the scope of this RFP.

17. In the jurisdictions listed in Exhibit 1, were any of the Commonwealth Funds required to file in states, provinces, or other local jurisdictions?

No, we are not required to file below the country level.

18. Does the Commonwealth currently have a tax advisor or consultant that provides the potential scope of services in this RFP? If so, please provide the name of such advisor or consultant and indicate what ongoing role, if any, that service provider would have.

Yes. Current provider would not have an ongoing role.

19. The RFP lists Bank of New York Mellon as providing sub-custodian services. What specific sub-custodian services are provided by Bank of New York Mellon, and does the Treasury contemplate that Bank of New York Mellon will continue to provide those same services after a service provider is chosen under this RFP?

Yes.

20. Part II, Section II-6 of the RFP requests that the Offerer provide a list of recommended training for agency personnel. What is meant by the term “agency?” Is that the Treasury or other Commonwealth department, or is that the Offerer’s personnel that will provide agency services (assume the former, but would appreciate your confirmation)? If it relates to Commonwealth personnel, (i) should the Offerer include the cost of such training in its Cost Submittal, as outlined in Part II, Section II-10; (ii) where are the personnel located; and (iii) may training be provided remotely (e.g., via webcast/WebEx, etc.)?

“Agency” refers to a Commonwealth Agency. All Agencies are located in Harrisburg, Pennsylvania. Your training proposal should be part of your response and if there is a cost associated with this training, it should be included in your cost proposal.

21. The RFP asks for the “breakdown of the firm’s revenues by source of business activity.” In what format are you looking for a response – for example, by Offerer international member firm affiliates? In percentage form? For the Offerer’s most recently completed fiscal year alone?

Revenues for audit, tax, consulting, etc.;
In dollars and %.;
Yes.

22. For any part of the RFP’s Scope of Services in Part IV, Section IV-3, is it expected that the Offerer chosen under this RFP will be responsible for handling any money for the Commonwealth’s Funds?

All money will be handled by the Sub-custodian, but you may need to deliver payments/checks for taxes due to foreign governments/treasuries.

23. Please clarify if the RFP’s Scope of Services anticipates attest or review services over the performance of the Treasury or Bank of New York Mellon in their roles of custodian or sub-custodian of the Funds, respectively, or of any other party as the provider of tax agency and/or tax consulting services, either performed presently or in the past?

No.

24. Have any of the Commonwealth’s Funds been subject to audit by the U.S. Internal Revenue Service? If so, (i) have any audits resulted in material adjustments to the filings?; and (ii) Please describe the nature of the source of such adjustments.

No.

25. Have any of the Commonwealth’s Funds been subject to a tax audit by any foreign jurisdiction? If so, (i) in which countries were those audits?; (ii) have any audits resulted in material adjustments to the filings?; and (iii) Please describe the nature of the source of such adjustments.

Yes, India;
Resulted in no material adjustments;
The adjustment was due to incorrect application due to a surcharge tax.

26. It is common in certain jurisdictions that all tax filings are automatically audited/ reviewed. Please confirm that the Scope of Services provided in Section IV-3 will include assistance in defending audits initiated by foreign jurisdictions?

Yes.

27. In those jurisdictions listed in Exhibit 1, where does the Commonwealth already have a local country tax agent? Who acts as that/those agent(s) currently in that / those countries?

India, Pakistan, Taiwan, and Venezuela

28. Please provide a sample template foreign tax agent agreement that the Commonwealth has with non-US tax agents.

Decline to make available

29. By jurisdiction, how many tax reclaim (i.e., refund claims) did the Commonwealth Funds make to non-US jurisdictions listed in Exhibit 1 in the last fiscal year by jurisdiction?

This would be numerous but tax reclaims are not part of the scope of this RFP.

30. In what jurisdictions in Exhibit 1 does the Commonwealth already have a certification that allows for a reduced rate of tax or tax exemption through local law or treaty?

See Attachment II

31. Are there any jurisdictions in which the Commonwealth has tried but was not successful in receiving tax exempt status or a reduced rate of tax either under local country law or through treaty benefits?

No.

32. Of those jurisdictions listed in Exhibit 1, in what jurisdictions do the Commonwealth's Funds file financial statements?

None.

33. One of the requirements listed in the "Scope of Services" section in Part IV, Section IV-3, is to "maintain detailed records of all global tax activities undertaken by the firm" and further to "provide 24/7 electronic access to activities undertaken by the firm." Does the Commonwealth have a specific electronic format in which such records must be kept? Does the Commonwealth have required or preferred capabilities to be included in the 24/7 electronic access system to be provided by Offerer?

No;

Yes.

34. What details of the Commonwealth's transactions will be maintained by the Treasury or Bank of New York Mellon versus what details of the Commonwealth's transactions are required to be provided by the Offerer chosen under this RFP?

All transaction details necessary for Offeror to file foreign tax documents will be provided by the sub-custodian

35. Is it anticipated that the Commonwealth's sub-custodian and/or investment managers will access the detailed records maintained by the Offerer providing services under this RFP?

Yes.

36. Please clarify how to locate addenda on the PA Treasury site, so that the Offerer may find responses to the questions provided by all Offerers and any other addenda posted by the Issuing Office related to this RFP.

You may visit the www.patreasury.gov website. Under the green bar labeled "NEWS", there is a listing for the RFP. Addendums will be added under the RFP listing. Please note that in addition to the PA Treasury Website, all correspondence will be sent to you thru email since you expressed interest in this RFP.

37. Part I, Section I-12 refers to a "Proposal Cover Sheet" in RFP Appendix B. Where can the Offerer find Appendix B?

The proposal cover sheet is added as Addendum B. (attached at the end of the responses)

38. Part III, Section III-4, provides that "the following criteria will be used in evaluating each proposal," but then does not discuss what the "Technical," "Cost," and "Disadvantaged Business Participation" criteria are in Subsections III-4A, III-4B, & III-4D, respectively, and does not list a Subsection III-4C between Subsections III-4B & III-4D. Please clarify what the evaluation criteria will be in each of Subsections III-4A thru III-4D.

This information is confidential to all committee members and will not be disclosed to participants until after a selected vendor has been awarded the contract.

39. In Part II on page 9, the Proposal requirements are listed, including the Technical Submittal, Disadvantaged Business Submittal, and Cost Submittal. To be certain, where in the Proposal should the Offerer be placing responses to Section IV-4 (the "Technical Responses"), to include a copy of the Offerer's standard contract for the services being offered?

All non-cost-related information should be put in the technical portion of your submittal. (i.e. terms and conditions)

40. Subsection IV-3A(21) asks that the Offerer provide general advice on tax matters regarding any markets in which the Commonwealth would be invested. Please provide examples of what advice is contemplated in the provision of “general advice.”

This would primarily consist of providing information on what the tax regulations are and instructing the Commonwealth on how to comply with those regulations in any country in which the Commonwealth is already invested or is contemplating an investment.

41. In Part IV, Section IV-1, the Commonwealth has expressed its intent to have the Offerer serve as the liaison to any international firms and act as the Offerer’s single point of contact for the Commonwealth. Along the same lines, will the Commonwealth also expect the Offerer to prepare single billing for all services provided by the Offerer and its international member firm affiliates? Will the billing need to be provided by individual Fund and by jurisdiction? Some other method?

Yes;
Yes

42. RFP Page 3, Section I-12 asks that **two complete and exact** copies of the entire proposal (Technical, Cost and Disadvantaged Business) be provided on CD-ROM or Flash drive in Microsoft format. Page 14, Section II-10 states that the electronic submission should not contain a fee schedule. Please clarify.

Please disregard “submit two complete and exact copies of the entire proposal (Technical, Cost and Disadvantaged Business Submittals, etc.)”. Please submit three separate disks: 2 disks with just Technical proposal; 2 disks with just Cost proposal; and 2 disks with just Disadvantage Business Submittal. Total of 6 disks (or flash drives)

43. RFP Page 3, Section I-12 Proposals. Reference is made to a Proposal Cover Sheet (Appendix B to the RFP) that is to be signed by the official authorized to bind the Offeror to the RFP provisions. Has Appendix B (Proposal Cover Sheet) been posted, and if so where would we find it?

The proposal cover sheet is added as Addendum B. (attached at the end of the responses)

44. RFP Page 5, Section I-19 Proposal Contents, C. Public Disclosure. A reference is made to a signed, written statement that Offeror’s are to submit if their proposal contains confidential, proprietary information or trade secrets. Is there a specific form or format that the Commonwealth wishes Offeror’s to use?

If an Offeror includes in its proposal information that the Offeror considers a trade secret or confidential proprietary information, the Offeror must, in order for the information to be considered exempt from disclosure under Pennsylvania’s Right-to-Know Law, 1.) provide a written statement, signed by an authorized representative of the Offeror, that the proposal contains a trade secret or confidential proprietary information, and 2.) provide a redacted version of the Offeror’s proposal which excludes such information. There is no prescribed form or format.

45. RFP page 10, Part II, Proposal Requirements, Section II-6 requests a recommendation related to training of “agency personnel”. Does the Treasury Department wish to have the service provider also provide training for Treasury’s staff? If so please provide an estimate of the total number of Commonwealth employees that have responsibility for foreign investments of the Funds and also provide their physical work locations.

One main contact per Agency with all staff located in Harrisburg, Pennsylvania.

46. RFP Page 13, Section II-10, Cost Submittal asks all offerors' to provide a fee schedule for all services requested and to describe how fees are calculated. Is the Commonwealth seeking separate cost for each of the 21 tasks listed in Section IV-3, Scope of Services? Separate cost for each may result in a combination of fixed fee and hourly rate cost information being presented. How will the Commonwealth evaluate cost if presented in this combination?

Yes. Fixed fee or hourly rate cost information should be provided for each of the 21 tasks listed in Section IV-3.A. for each of the 11 countries listed in Section IV-3.B.5.

This information is confidential to all committee members and will not be disclosed to participants until after a selected vendor has been awarded the contract.

47. RFP pages 15 and 16, Section III, Criteria For Selection states that Technical, Cost, and Disadvantaged Business submissions will all be used in evaluating each proposal; however it does not provide the weighting each submission is given for evaluation purposes. How will each of those sections be weighted?

This information is confidential to all committee members and will not be disclosed to participants until after a selected vendor has been awarded the contract

48. RFP Page 17, Section IV-1 makes reference to Exhibit I which lists foreign markets in which the Commonwealth has owned public securities and Page 19, Section IV-3 references a shorter list of countries for which the Offeror must have qualifications and capacity to act as tax agents. Please clarify if the RFP is requesting the offeror to include fee estimates and rates cards only for those countries in Section IV-3 or all countries in Section IV-3 and Exhibit I.

Fee estimates should be provided for those countries listed in Section IV-3.

49. RFP Page 17, Section IV-I makes reference to the fact that the Commonwealth intends to choose “one or more firms to provide global tax agent services”. Further, Page 19, Section IV-3 requires the offeror to “provide 24/7 electronic access to activities undertaken...” Please clarify if the RFP is implying that the Offeror will be required provide other service providers with access to its’ proprietary tax systems.

Yes.

50. RFP Page 19, Section IV-3 states that the Offeror will be required to “Review monthly tax provisions.” Please verify who or what qualified Firm will be preparing the tax provision and will the tax provision be subject to external audit provisions.

This is a service that may be required in the future. At this point in time, the foreign tax liability is not material enough to warrant a tax provision.

51. RFP Page 26, Appendix A, Contractor Integrity Provision, #10 states that the “contractor shall cooperate fully with the annual audit conducted by the Treasury Department and additional audits as Treasury determines necessary”. Will this include the Fund’s independent auditor, or another state agency? Does the RFP contemplate a fee for professional services for time spent on responding to these inquiries? Please provide an estimate of how much time prior service providers spent responding to audits in prior years? Has the Fund been subject to a tax audit by any foreign jurisdiction? If yes, please identify which jurisdictions.

Yes;

Yes;

One Agency spent approximately 40 hours responding to audits;

Yes;

India.

52. Does the Commonwealth intend to structure the Project with a centralized contractor agreement (e.g. Master Services Agreement) or is it anticipated that the Commonwealth will enter into contracts with each of the Offeror’s local country office?

The Commonwealth intends to enter into a Master Services Agreement with the U.S. member firm of an international firm.

53. How is this service supported currently? Internally by Commonwealth employees or externally by consultants? If externally, what accounting firms, custodians or law firms provide these services to the Commonwealth? What would the Commonwealth look to improve over the current level of service?

Currently, the Commonwealth has entered into contracts directly with the local representative firms. In the future, the Commonwealth intends to enter into a Master Services Agreement with the U.S. member firm of an international firm to coordinate all foreign tax agent requirements.

54. Does the current provider include a small disadvantaged business or socially disadvantaged business? If so, please provide a list of those small disadvantaged businesses.

N/A

55. What was the cost per year for Tax Agent services over the past 5 years? Please provide internal and external costs.

N/A

56. What is the current budget amount for Tax Agent services? What is the percentage of that amount for external providers vs. internal state services?

N/A

57. What technology is currently being used to support current tax agent services by your current provider(s)? Please provide screen shots, if available.

BNY Mellon – Workbench

58. Does the Commonwealth have local country investment managers in those jurisdictions listed in the RFP and Exhibit 1? If so, please provide the name of the local country investment manager by country.

Most of Investment Managers are based in the U.S. or U.K.

59. Is the Commonwealth considered to be the Plan(s) sponsor? If not, which entity is considered the Plan's sponsor? Are there any localities or political subdivisions of the Commonwealth of Pennsylvania that are also considered Plan sponsors?

The Commonwealth of Pennsylvania is deemed the plan sponsor but each Agency has its own TIN.

60. What was the value of the investment in each of the jurisdictions listed in the RFP and Exhibit 1 as of December 18, 2012 (or the most recently completed financial statements)?

See Attachment I.

61. What is the number of separate investment holdings in each of the jurisdictions listed in the RFP and Exhibit 1 as of December 18, 2012 (or most recently completed financial statements)?

See Attachment I for value of holdings and transactions as of 06/30/2012

62. During the last fiscal year, how many transactions (investments, trades, interest, dividends, royalty, etc.) were made in each jurisdiction listed in the RFP and Exhibit 1?

See Attachment I.

63. During the last full fiscal year, how many foreign filings were required in each jurisdiction listed in the RFP and Exhibit 1 and what was the frequency of the required filings (e.g., quarterly, annually, etc.)?

India- annual filing of income tax return.

Pakistan- quarterly filing of capital gains taxes due; annual filing of capital gains and dividend taxes due.

64. In the jurisdictions listed in the RFP and Exhibit 1, were the Funds required to file in provinces, or other local jurisdictions?

No, we are not required to file below the country level.

65. In which foreign jurisdictions in the RFP and Exhibit 1 does the Fund have a treaty benefit certification?

See Attachment II

66. In the foreign jurisdictions listed in the RFP and Exhibit 1, in which jurisdictions do the Funds file a financial statement?

None.

67. Do the Funds have a specific electronic format in which records must be maintained by the selected services provider?

No.

68. What types of instruments are traded in each jurisdiction listed in the RFP? (e.g., publicly traded debt, equity, derivatives, private equity investments, privately held debt and shares, real estate, other type of hard assets, etc.)

The Commonwealth has equity and fixed income investments in many of the countries listed in Exhibit 1, and has hedge fund investments in some of the countries. The Commonwealth also has private equity and real estate limited partnership investments but currently these are not considered in the scope of the RFP.

69. What is the current process that the Fund follows with respect to reclaiming foreign taxes paid? How much foreign taxes has the Fund paid through its investments?

Tax reclaims are not a part of the scope of this RFP.

70. Please provide a description as to the availability of electronic records within the Fund. For instance, does the Fund currently maintain electronic document storage and retrieval capabilities for external documents (prior filings, withholding receipts, etc.) that would be available to its services providers?

There are electronic copies of prior income tax returns filed.

71. How many people from the Fund will be available to assist on the project and what are their qualifications?

Would vary per Agency per project.

72. Will the services provider have one central point of contact or is there an expectation that the service provider will have to coordinate services with representatives from each agency?

There will be one contact per Agency.

73. In the jurisdictions listed in the RFP and Exhibit 1, does the Funds sub-custodian, The Bank of New York Mellon, maintain a local account in each jurisdiction?

Yes.

74. What details of the Fund's transactions will be maintained by the sub-custodian versus what details of the transactions are required to be provided by the service provider chosen under this RFP?

All transaction details necessary for Offeror to file foreign tax documents will be provided by the sub-custodian.

75. Is it anticipated that the sub-custodian and/or investment managers will access the detailed records maintained by the firm providing services under this RFP?

Yes.

76. Has the Commonwealth assessed the potential for U.S Federal and state tax refunds associated with its underlying investments?

N/A for U.S. Federal taxes; state tax refunds are pursued when necessary for private equity and real estate limited partnership investments.

77. If possible, please provide an organizational chart or other description to illustrate how many separate legal entities or funds are utilized by the Treasurer or the Agencies of the Commonwealth to maintain Agency assets. For example, are different legal entities used to segregate funds of the separate accounts (e.g., PSERS, SERS, SWIF, etc.) or have any of the accounts invested through holding vehicles? What is the taxable status of these vehicles (e.g., exempt pension fund vehicles, exempt investment funds, or taxable holding vehicles)?

All agencies have been treated as tax exempt and/or have been considered a State or political subdivision exercising an essential governmental function.

See Attachment III for a list of the Agencies

78. Please confirm whether or not the Treasurer (or the Agencies of the Commonwealth) has adopted a position in which any of the separate entities or funds under its control are treated as having a foreign income tax presence in any jurisdiction. To the extent such a position has been adopted, please specify which jurisdictions the Treasurer (or the Agencies of the Commonwealth) maintains a taxable presence.

Does not have a foreign income tax presence in any jurisdiction

79. Please provide any information with respect to what portion of the Agencies' assets is managed by external third party advisors as opposed to internally managed within the Commonwealth.

One Agency is 73% externally managed; 27% internally managed;
Another Agency is 100% externally managed.

80. With respect to the assistance for tax filings, can the Treasurer clarify whether it currently files tax returns in any foreign jurisdiction on behalf of the Commonwealth or its Agencies, the type(s) of return(s), the frequency of filing(s), and the jurisdiction(s) of the filing(s)?

India- annual filing of income tax return.

Pakistan- quarterly filing of capital gains taxes due; annual filing of capital gains and dividend taxes due.

81. In order to better understand the existing foreign income / withholding tax profile of the accounts that the Treasurer serves as custodian, please provide additional information with respect to the amount of foreign taxes paid by type (e.g., income, capital gains, dividend withholding, interest withholding, financial transaction / securities tax, value added taxes, transaction taxes, value added taxes, other, etc.) and the respective jurisdictions in the most recent annual period.

India 2,459,067 INR in capital gains tax; Pakistan 1,304,047 PKR in dividend withholdings and 107,632 PKR in capital gains tax

82. Based on the RFP's scope of services, the Treasurer may be interested in having quarterly income tax installment calculations prepared by the Offeror. Please specify the number of jurisdictions and separate entities for which the Treasurer currently prepares quarterly income tax installment calculations. In addition, please specify for which jurisdictions such calculations are currently prepared.

There are quarterly tax installments for Pakistan only

83. Per the RFP's scope of services, the Commonwealth is seeking "the services of a highly qualified firm to provide global tax agent, accounting, and compliance and consulting services". With respect to the accounting services that are currently being contemplated, please indicate whether the Commonwealth is seeking attestation services?

No.

84. The RFP indicated that the scope of services may involve the provision of review services with respect to the monthly tax provision. Please provide additional detail as to the Treasurer's monthly tax provision process with respect to foreign taxes. For instance, please specify the number of separate reporting entity tax provisions prepared by the Treasurer and the extent to which the provisions relate to a net income tax accrual versus a gross income / withholding tax accrual.

Please also indicate whether the nature of the review requested is a formal attest review, in which the Treasurer would anticipate the issuance of a formal review report by the Offeror, or a less formal review that does not result in the issuance of a formal review report under the applicable accounting / attestation standards. If a formal review report is requested, please indicate the professional standard for the report (e.g., U.S. GAAP, IFRS, etc.).

This is a service that may be required in the future. At this point in time the foreign tax liability is not material enough to warrant a tax provision. It would be limited to those jurisdictions which have foreign tax agent requirements.

85. If possible, please provide an approximation of the annual number of foreign transactions (e.g., dividend payments, interest payments, capital gain transactions, etc.) the Treasurer is responsible for overseeing by jurisdiction or any other information that would help Offerors assess the volume of transactions that may have relevant foreign tax implications.

See Attachment I.

86. The RFP's scope of services includes the preparation of the "Monthly Remittance Return of Creditable Income Taxes Withheld", "Monthly Remittance Return of Creditable Income Taxes Withheld", and "Annual Information Return of Creditable Income Taxes Withheld". Please specify whether the references to these individual returns relate to the Treasurer's reporting obligations within the Philippines or the other jurisdictions in which these particular reports are required.

Yes.

87. If possible, please provide a description as to the availability of electronic records within the Pennsylvania Treasury Department. For instance, does the Treasurer currently maintain electronic document storage / retrieval capabilities for external documents (Form K-1s, withholding receipts, etc.) that would be available to selected Offerors in providing the requested services?

There are electronic copies from prior income tax returns filed.

88. Has the Treasurer previously reviewed or considered whether it or the Agencies may be considered a governmental entity under Section 115 of the U.S. Internal Revenue Code? If so, was a position adopted? Is that position consistent for each account referenced in the RFP or only specific accounts referenced?

All agencies have been treated as tax exempt and/or have been considered a State or political subdivision exercising an essential governmental function.

89. With respect to the foreign tax agent and consultation services contemplated in the RFP, please indicate how these activities are currently being completed (e.g., completed internally by staff of the Treasury Department, completed by another third party advisor, etc.)

Local country Tax Agent.

90. How many people from the Treasury Department will be available to assist and collaborate with the Offeror on projects related to the foreign tax agent services requested and what are their qualifications?

Would vary per Agency per project.

91. To the extent that the Treasurer requires consultation services with respect to foreign taxes paid, is the Treasurer interested in considering engaging Offerors on a contingent fee basis (where permitted under local law and relevant ethics rules governing the practice)?

Please see question number 46

92. Please confirm whether the Treasurer's sub-custodian already provides any of the income or withholding tax filing services in any of the relevant jurisdictions.

Yes, withholding tax filing for tax reclaims.

93. Has the Treasurer assessed the potential for foreign withholding tax refunds associated with its underlying investments?

If this refers to tax reclaims, yes, the sub-custodian handles this process.

94. Within the scope of services identified in IV-3, Item 4 indicates that the scope of services may include the computation of capital gains. Please provide additional information as to the nature of the capital gains calculations that the Treasurer is interested in the Offeror performing and the purpose for such calculations (e.g., financial reporting, local foreign tax reporting, etc.).

The computation of capital gains would be for local foreign tax reporting purposes

95. Within the scope of services identified in IV-3, Item 5 indicates that the scope of services may include the certification of capital gains. Is the requested certification for local country tax reporting purposes or under another professional standard? If under another professional standard, please advise as to the relevant professional standard. In addition, please indicate which jurisdictions the Treasurer has historically had such certifications prepared.

The certification of capital gains would be for local country tax reporting purposes. These certifications have been done for India.

96. Does the Treasurer (or the Agencies within the Commonwealth) maintain any foreign bank accounts or have a policy for opening up foreign bank accounts?

Yes, the sub-custodian opens and maintains foreign bank accounts.

97. Please provide details regarding the nature and type of investments that the Treasurer makes with the assets. What portion of the assets is invested in public securities, real estate, alternative investments, etc.?

The Commonwealth has equity and fixed income investments in many of the countries listed in Exhibit 1, and has hedge fund investments in some of the countries. The Commonwealth also has private equity and real estate limited partnership investments but currently these are not considered in the scope of the RFP.