

GlobeTax Launches eClaims, The Portal for Tax Reclaims to the US October 27th, 2010

Globe Tax Services, Inc. today announced that it has launched a new on-line portal that allows non-U.S. residents to complete tax forms for filing to the U.S. Internal Revenue Services to recover over-withheld taxes – eClaims (<https://eclaims.globetax.com/>).

Ross McGill, Managing Director of GlobeTax explained, “Most investment markets have an ‘event’ driven tax reclaim process - a claim for a refund of tax on a single dividend may be filed at any point in the year as long as you follow the procedures for that market. There are, however, markets, notably the U.S., where the “claim” is actually an annual tax return made by a foreign investor.”

Filing a full tax return is more complex than an event driven claim system because the required form is designed to aggregate and report all income from that market from all sources and may only be filed once a year. This causes a problem for many financial firms that may not be aware of the accounts and investments that their clients may have at other firms.

Judy Zuckerman, Senior Product Manager at GlobeTax said, “While financial institutions may not be in a position to file claims on behalf of their customers, they will certainly benefit from being able to introduce them to eClaims where the customer simply inputs data about themselves and their U.S. investment income via a secure connection. eClaims then performs the necessary calculations, including the amount to be recovered, and provides a claim package including instructions, which the customer can then use to file a claim directly to the IRS.” According to the IRS, valid claims are usually paid within six to eight weeks.

eClaims is designed to solve a common problem for investors who use broker dealers which hold omnibus accounts at a custodian bank, representing many thousands of underlying retail investors. Those investors lose out because the custodian will usually tax any U.S. sourced income, *mainly* equities and fixed income, paid to an omnibus account at 30%, because they do not know who the underlying investors are. The broker, equally, is not usually set up to prepare the paperwork for high volumes of relatively low value claims, and will not know of any other accounts with U.S. sourced income that their customer may have. Steve Farrage, Regional Manager (Asia Pacific) for GlobeTax based in Sydney explained that, “eClaims costs US\$69.95 per annual filing and solves this problem. Investors will usually be able to recover the difference between the tax deducted (usually 30%) on dividends and the treaty rate that applies for their country of residence (often 15%). If portfolio interest has been taxed at 30%, the investor can often recover all the tax deducted.”

eClaims may be accessed at <https://eclaims.globetax.com/>.

About GlobeTax

GlobeTax is the largest provider of withholding tax recovery services to the investment and financial services industry. The firm processes over two million claims annually for clients resident in over forty countries. GlobeTax has offices in New York, London, Milan and Sydney. For more information, please contact Ross McGill on +1 (212) 747 9100.
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