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## Media Release

New York: May 23<sup>rd</sup> 2005

### GlobeTax launches Withholding Tax Service Bureau on SWIFT Network

GlobeTax, the world's largest provider of withholding tax services, today launched "TaxReclaim" - a SWIFT Service Bureau to automate tax reclaims and relief at source applications for custodians, asset managers and brokers. The Service Bureau allows these financial intermediaries (FIs) to provide a comprehensive withholding tax service for the benefit of their clients while alleviating much of the overhead expense of this back office activity.

"For several years, many custodians and fund managers have embarked on a strategy to leverage efficiencies and cost savings by implementing Straight Through Processing (STP). SWIFT has been a pivotal force and platform for institutions to achieve this due to our dual role as guardians of industry message standards (e.g. ISO15022) and providers of network infrastructures, including FIN & SWIFTNet. However, many of the functions occurring in back office environments are still manually processed. Until the financial services community finds a way to automate these processes, the full benefits of STP cannot be enjoyed. To the extent that it helps the industry move towards STP in corporate actions, we welcome service bureaux such as GlobeTax on board," says **Bob Davies, Regional Director Securities, SWIFT Pan Americas**.

"At present there are some expensive software tools in the market that allow FIs to calculate the value of tax reclaims and some even print forms, the usual alternative being spreadsheets. After that, the process is predominantly manual with forms having to be posted back and forth to beneficial owners, local tax authorities, foreign agent banks and ultimately foreign tax authorities." says **Len Lipton VP of Marketing for GlobeTax**. "Pre-sales modelling shows that using this service bureau could save up to 65% of withholding tax processing costs and make the process effectively STP from the subscriber's perspective - electronic data files out, receivables posting, electronic reports and reclaim entitlements in, all by SWIFT."

The Service is available to over 7,650 SWIFT user institutions and the first users are expected to be operational with the service by September. The beneficial owner and income data needed for tax processing is sent from the subscriber's primary BIC to a dedicated additional destination BIC managed securely on the subscriber's behalf by the Service Bureau. Once received, the Service Bureau quality checks the data, calculates the reclaim, completes the correct forms, appends the additional required documents, files and follows up on the reclaims. Reporting via FileAct keeps the FI up to date with its compliance and fiduciary duties and the subscriber finally receives tax reclaim funds automatically to allow the credit of its client accounts.

"GlobeTax's processing volumes, over a million reclaims a year, will also benefit Service Bureau users" observes **Martin S. Foont, President & CEO of GlobeTax**. "Our expertise and relationships with all tax authorities often allows us to get client money back faster than market standards. In addition, some investors are entitled to apply to foreign governments to be taxed correctly at source (relief at source). This application process can be as arduous as processing remedial tax reclaims but the Service Bureau will process these local applications free of charge," Foont comments.

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