

WITHHOLDING TAX UPDATE

April 2018



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Following February's inaugural *Withholding Tax Update* newsletter, GlobeTax has continued working to enhance our client offerings. In expanding serviceable markets and developing new products, we strive to stay up-to-date with the ever-changing world of withholding tax recovery.

Undoubtedly GlobeTax's flagship achievement of the second quarter is the launch of ESP Bulk Upload for Japanese ADRs. This new feature will revolutionize the ESP user experience, transforming a tedious upload process into a single submission that takes mere minutes!

In this edition, we also overview the current Ferrari N.V. event, market changes in Ireland, Denmark, and Italy, along with an exciting process debut for quick refund in the Chilean market. As discussed in last quarter's report, we continue to monitor the statutory rate changes in France and will inform the marketplace once official guidelines become available.

Best,

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New ESP Bulk Upload for Japanese ADRs



Japan's ADR dividend season has always been a daunting time, as more than 200 dividend events go record on the same day. To submit claims, users had to upload beneficial owner data, CUSIP by CUSIP, in a process that could take weeks to complete. Thankfully, that procedure is now a thing of the past!

ESP's new Bulk Upload feature allows users to submit up to 30,000 claims across multiple Japanese events with a single consolidated file. ESP then validates beneficial owner and event data, providing actionable insight on any claims that need further review. Upon validating the data, ESP provides election instructions on an event-by-event basis.

The efficiency gains generated will free up hours—or even days—to devote to other tasks. The feature is now live in ESP. It can be found by logging onto the platform and either selecting Japan from the “Select Country of Issuance” dropdown, or entering a Japanese CUSIP.

April Ferrari Event: Dutch/Italian Tax Apply

The current Ferrari N.V. event (CUSIP: N3167Y103; record date April 24, 2018) will be subject to both Dutch (15%) and Italian (26%) withholding tax. On payable date, all holders will receive the net dividend less the combined 41% withholding tax.

ESP will offer a dual submission process to accommodate relief on both portions of the event: a disclosure process to eliminate Dutch withholding tax (non-Dutch residents only), and a quick refund process for Italian tax claims.

Users will be required to make a separate submission for each category outlined below:

1. Dutch Withholding (15%) – All beneficial owners must be disclosed via ESP. Eligible non-Dutch resident beneficial owners will receive exemption. Dutch holders may benefit from a reduced Italian statutory tax withholding based on the treaty between Italy and the Netherlands.
2. Italian Withholding (26%) – An additional ESP submission is required for eligible entities to claim treaty benefits against the Italian withholding tax.

Please consult the corresponding Important Notice for details or contact ItalyESP@globetax.com with questions.



¿Qué pasa en Chile?

GlobeTax is excited to announce the launch of a new recovery process in Chile, a boon for foreign investors who face a steep withholding tax (up to 35%) on their Chilean dividends.

GlobeTax has been collaborating with BNY Mellon, their custodian, and issuers to establish a recovery process for the Chilean market. A quick refund opportunity to claim a favorable 11.41% on the Banco Santander Chile ADR event (CUSIP: 05965X109; record date April 19) represents investors' first chance to file a claim in the country. Please refer to the corresponding Important Notice for additional information.

Ireland Clarifies Payment & Doc. Requirements

Recent conversations with the Irish Revenue have provided clarification about two outstanding requirements. ESP users should note these items when submitting future Irish claims.

Payment Chain Requirements:

To secure relief at source or quick refund for beneficial owners, all financial institutions within the payment chain—including DTC Participants—must satisfy one of the following requirements:

1. Domicile in the United States
2. Qualified Intermediary status. A list of Irish Qualified Intermediaries can be found [here](#).

Documentation Requirements:

DTC Participants are **not** required to send GlobeTax documentation to support relief at source or quick refund ESP submissions if all required Forms V2 and V3 are on-file with a Qualified Intermediary. However, we recommend that Participants keep original documentation for audit purposes.

Denmark Increases Long Form Scrutiny

The Danish Tax Authority (DTA) has increased scrutiny over their tax recovery process, announcing new partnership requirements and a long form claim questionnaire. The heightened process follows Denmark's 2015 tax fraud scandal, in which the DTA paid several billion kroner to fraudulent claimants.

New Partnership Filing Requirements:

The DTA now requires partnership applications to be filed at the underlying partner level. When submitting an application, each underlying partner must provide a Certificate of Residency (CoR) dated to match the year of the dividend event. For example, a 2015 dividend payment would require a 2015 CoR.

Questionnaire Issuance:

The DTA has begun distributing questionnaires requesting clarity about outstanding long form claims, presumably in preparation to pay said claims. Because most of the ~30 questions refer to the nature of the ADR program, GlobeTax has worked alongside the ADR Depositary Banks to source appropriate responses, where eligible. In the event that additional input is required, we will reach out to DTC Participants as appropriate.

Depo Banks Change Long Form Billing in Italy

Effective March 13, 2018, tax relief and custodial fees will be required prior to filing Italian long form claims for events where BNY Mellon and/or Citibank act as Depositary. These fees must be paid upfront and are not contingent upon any particular outcome.

Fee information can be found in the event-specific Important Notices on DTCC's website. Please contact the Italy ESP team at ItalyESP@globetax.com with questions.

GlobeTax Requests ESP User Feedback

To support our ongoing ESP enhancement, we invite DTC Participants to complete a brief survey on ESP functionality. The 10 questions ask Participants to consider the advantages and disadvantages of ESP's current features, as well as recommend potential improvements and modifications. Please click [here](#) to access the survey. Your feedback is important to us, and will meaningfully improve platform usability.