

WITHHOLDING TAX UPDATE

February 2018



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As the longtime leader in the global withholding tax arena, GlobeTax is constantly working to improve our segment of the financial services industry. To this end, it is with great excitement that we introduce our first *Withholding Tax Update* newsletter. While we will continue to distribute Important Notices as appropriate, this newsletter will provide a platform for sharing our insights on the cross-border tax landscape at large. Topics will include:

1. Market updates (documentation and tax rate changes)
2. Tax reclamation trends
3. Guest editorials
4. Upcoming conferences and events
5. GlobeTax system enhancements

In addition to launching the newsletter, we are working to refine the ESP system in 2018. With a more streamlined and user-friendly interface, the ESP enhancement will improve submission efficiency, expand reporting capabilities, and boost responsiveness to unique situations (such as the 2017 Ferrari N.V. event). To maximize ESP functionality, we ask that users share feedback on the ESP experience via a five-minute survey, a link to which can be found on page 4.

Best,

Greggory Lewis
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Russian Federation Market Changes

Russian custodians and/or issuers are now considering tax-exempt status for Supranational and Sovereign entities.

Financial institutions can elect the 0% tax rate on ESP by selecting the 'World Tax Exempt' option in the 'Country of Residence' drop-down menu. All

exempt submissions must be supported with the 'Conditional Rate Request' form (Exhibit C), available in the Russian Important Notice. Submissions must disclose the beneficial owner's name and relevant treaty article governing tax exemption. Please consult the Important Notice for more information.



Netherlands Market Changes

The Dutch Tax Authority (DTA) has altered registration, documentation, and process requirements.

New Beneficial Owner Registration Process:

Effective immediately, all beneficial owners pursuing reclaims in the Netherlands must:

- Be registered with the DTA; and
- Have an assigned Dutch Tax ID Number on file with GlobeTax.

Upon receiving claims, GlobeTax will determine whether or not the beneficiary has a Dutch Tax ID Number. If the beneficiary already has one, the claim will be processed immediately. If the beneficiary does not, GlobeTax will request one from the DTA. In these instances, please note that filing will be delayed until GlobeTax receives the assigned Number.

Quick Refund Process Changes:

Quick Refund will be pursued under the following conditions:

- Beneficiary holds more than 5,000 Depository Receipts (DRs).
- Beneficiary already has a Dutch Tax ID Number on file with GlobeTax at the time of ESP submission.

The ESP window will close within one month of Record Date. CA Web Instructions will be due within two months of Record Date, allowing time for GlobeTax to determine Quick Refund eligibility and report the correct instructions to DTCC Participants. Cut-off dates can be found in the Dutch Important Notices.

Clients should refrain from making CA Web Instructions until GlobeTax provides additional details regarding beneficial owner eligibility.

Starting March 2018, ESP's submission confirmation page will automatically advise DTCC Participants which beneficiaries will be directed to Quick Refund and which will be directed to Long Form.

Non-U.S. Documentation Changes:

Non-U.S. beneficiaries are no longer required to provide Dutch tax forms (IB 92, IB 93, DIV 16) when submitting claims.

- For Favorable Non-U.S. Claims: Each beneficiary is required to have a Certificate of Residency (COR) with the same tax year as the Dutch Pay Date.
- For Exempt Non-U.S. Claims: Each beneficiary is required to have a COR with the same tax year as the Dutch Pay Date. However, the COR must state "exemption from all taxes," as well as relevant dividend notes to prove exemption. Relevant notes include Pension Plan, Annual Accounts, Articles of Association, and Trust Deed.

Note: While claims can be filed without the aforementioned notes for both claim types, the documents should be kept on-file in case of future DTA requests.

Norway Market Changes

The Norwegian Tax Administration (NTA) has changed their view on the status of U.S. tax-exempt entities such as pensions, charities, 81-100 ruling group trusts, and RICs.

The NTA no longer recognizes these entities as “residents” under the U.S. – Norway Double Taxation Agreement. As a result, the Administration is rejecting any withholding tax reclaims filed for U.S. tax-exempt entities.

Some investors disagree with the NTA’s interpretation and wish to continue submitting tax reclaims. GlobeTax will support these investors and continue to file tax reclaims for the impacted entities. However, all Depositary Service Charges and custodial fees (if applicable) must be paid upfront and are not contingent upon any particular outcome.

Relevant fee information can be found in the Important Notices for Norwegian dividend events.

Indonesia Market Changes

The Indonesian Tax Authority (ITA) has updated market-wide filing requirements, issuing new versions of the DGT-1 and DGT-2 forms. This change impacts multiple entity types. Starting January 1, 2018, GlobeTax will only accept the updated versions of the DGT forms.

All Applicants:

- Each claim application must be accompanied by a 2018 Form 6166 or a 2018 Certificate of Residency (COR). DGT forms may be stamped by a beneficiary’s tax authority in lieu of providing a COR.

Government Entities (banks & other institutions listed in Double Taxation Treaty):

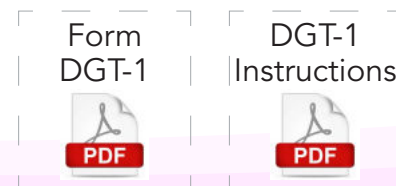
- Government entities must submit either a 2018 COR or Tax Authority letter that confirms exemption from Indonesian withholding tax.

Pension Funds:

- If the beneficial owner name explicitly includes “Pension Fund,” the fund must use a DGT-2 Form
- If the beneficial owner name does not explicitly include “Pension Fund,” supporting documentation (such as a Tax Determination Letter from the IRS) must be provided to prove pension status. If such documentation cannot be acquired, a DGT-1 Form may be submitted instead.

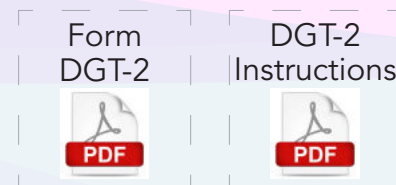
DGT-1 and Instructions:

Click on the PDF links below for the updated DGT-1 Form and instructions.



DGT-2 and Instructions:

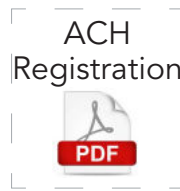
Click on the PDF links below for the updated DGT-2 Form and instructions.



ACH Registration

To improve efficiency, GlobeTax has offered ACH payments in lieu of paper checks for the past several years. DTCC Participants who wish to enroll should complete the following steps:

1. Mail GlobeTax a completed registration form stamped with two authorized medallion holders.



2. Upon receiving the form, GlobeTax will release two test ACH payments (totaling less than \$1.00).
3. Email Support@GlobeTax.com to confirm receipt of test payments. Upon validating the amounts, GlobeTax will send future payments through ACH.

At this time, GlobeTax can only make ACH payments to U.S.-based accounts. Email notifications will indicate when payment has been processed (usually 3-4 days prior to receipt of funds). Optional reference memos can be added to provide payment context.

There is no additional fee associated with this service.

Request for ESP Feedback

As the rest of this newsletter attests, the withholding tax recovery landscape changes constantly. GlobeTax's ESP strives to change with it. As such, we are pleased to share that GlobeTax is enhancing ESP to improve the flexibility, reliability, and usefulness of the submission portal.

We take pride in our firm's history of industry collaboration, and invite DTCC Participants to contribute feedback and ideas in a brief survey on ESP functionality. Your input is important to us, as it will meaningfully improve platform usability. Thus, GlobeTax asks that Participants spend a few moments reflecting on the advantages and disadvantages of ESP's current features and interface, and recommend potential improvements and modifications. Please click [here](#) to access the brief survey.