

WITHHOLDING TAX UPDATE



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With this summer's edition of our *Withholding Tax Update* newsletter, GlobeTax is pleased to continue sharing new and exciting (dare we say 'sizzling'?) developments in the global tax relief space.

In this edition, we discuss a new 'relief at source-post' process in Germany, expanded long form offerings in Hungary, and the long-awaited updates on withholding rate changes in France, among other topics.

On the home front, we are pleased to debut our new Russia Audit Disclosure portal in ESP, which vastly simplifies audit compliance for eligible Russian programs.

Best,

Joe Hands
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Germany Unveils New Process for Investment Funds

Guidance on the German Investment Tax Reform Act has been issued, providing new relief opportunities for eligible investment funds.

Historically, relief at source has not been available in Germany; long form and quick refund provided the only recovery recourse. Under the new Act, Bank of New York Mellon is offering a “relief at source-post” process to eligible investment funds holding DRs of Bayer AG as of May 29, 2018. As investment funds are no longer eligible for the quick refund process, relief at source-post offers the fastest way for these entities to secure their tax entitlements.



The relief at source-post process will be offered on ESP up to 16 months following the ordinary share pay date. To qualify, an investment fund must be in possession of a Statusbescheinigung (Status Certificate) issued by the Federal German Ministry of Finance and meet all documentation criteria outlined in the corresponding Important Notice.

Please consult the Important Notice for additional information or contact GermanyESP@GlobeTax.com for questions.

New Withholding Rate for Individual Investors in France

France has reduced the withholding tax rate for non-resident individuals to 12.8%. GlobeTax will now accept long form reclaims for individual investors wishing to reclaim the 17.2% difference between the statutory 30% rate and the new reduced rate.

To secure the new rate, individual beneficial owners must provide an original Certificate of Residency certified for the year of dividend payment. Individual investors unable to comply with this requirement can still take advantage of the favorable 15% rate.

This process is currently limited to long form reclaims on French dividend events with local pay dates in 2018. Questions may be directed to FranceESP@GlobeTax.com.

New Russia Audit Portal Deployed on ESP

GlobeTax has deployed a new Audit Disclosure portal on ESP to streamline audit compliance on Russian DR programs. Rather than navigating bulky Excel files, Participants now have the option to disclose beneficial owner information for audits just as they would submit claims on ESP. With this feature, Participants can disclose across multiple record dates, CUSIPs, and linked accounts.

You can access the portal in ESP by selecting ‘Russian Federation’ under the ‘Country of Issuance’ drop-down in the “ESP Home” section.

GlobeTax continues to monitor audit updates and will notify the marketplace accordingly as updates become available. Questions regarding Russian DR audits can be directed to the Russia team at RussiaESP@GlobeTax.com.

New Long Form Reclaim Process in Hungary

We are pleased to announce a new long form reclaim process in Hungary!

Under the Hungarian tax regulation:

- non-residents are exempt from dividend withholding tax; legal entities who suffered the 15% withholding rate are entitled to reclaim the full amount; and
- long form reclamation is available for all legal entities holding shares of Magyar Telekom (CUSIP: 559776109) withheld at 15% who fall within the five-year statute of limitations.

Please note that this process is not available on ESP at this time. To submit a claim, please review the documentation requirements available on the Magyar Telekom Important Notice (B# 8408-18) or contact HungaryESP@GlobeTax.com for support.

Depo Banks Change Long Form Billing in Italy

Effective June 5, 2018, GlobeTax will require tax relief and custodial fees before filing Italian long form claims for events where Deutsche Bank or JP Morgan act as Depository. These fees must be paid up front and are not contingent upon any particular outcome.

This update follows similar changes enacted by BNY Mellon and Citibank in March of this year. 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.