

WITHHOLDING TAX UPDATE



April 2020

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Welcome to the "working from home" edition of the Withholding Tax Update newsletter!

We hope that each of you are keeping safe and healthy during these challenging times. Although working from home is an adjustment that comes with its own stressors, GlobeTax is here to help with all your tax relief and recovery needs.

In this edition, we share the markets permitting scans in lieu of original tax documents, describe new processes, and highlight our ACH electronic payment system.

Best,

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Markets Permitting Copies and Scans During COVID-19

Given the rapid pace of change over the last several weeks, obtaining original tax documentation has become increasingly difficult. To accommodate, many markets are accepting copies / scans of supporting documentation rather than originals.

We recently distributed an email showcasing markets that are accepting copies. The below table provides additional detail, explaining whether the situation is temporary (originals required in the future) or permanent (no originals required).

Country	Eligible Processes	Permanent vs. Temporary
 Austria	All Processes	Permanent
 Chile	All Processes	Temporary
 Czech Republic	All Processes	Temporary
 Denmark	Long Form	Permanent
 France	Relief at Source	Temporary
 Hungary	All Processes	Permanent
 Ireland	Long Form	Temporary
 Korea (South)	Relief at Source (for March 2020 record dates)	Temporary
 Netherlands	Quick Refund and Long Form	Permanent, but originals should be on file in case of audit
 Norway	All Processes	Permanent
 Portugal	All Processes	Temporary
 Russia	All Processes	Permanent
 South Africa	All Processes	Permanent
 Spain	All Processes	Temporary
 Sweden	Quick Refund and Long Form	Temporary
 Switzerland	Quick Refund and Long Form	Temporary

Please contact the country-specific e-mail address with questions regarding individual markets.



Finland Introduces 50% Preliminary Withholding Tax

Effective January 1, 2020, the Finnish Tax Authority introduced a 50% withholding tax rate for Finnish tax residents who do not disclose their shareholder data.

Dividends will be withheld at the statutory rate of 30%. Relief at Source, Quick Refund, and Long Form will still be offered, but with several changes to the processes.

Relief at Source

Undisclosed Finnish Tax Residents must elect at the 50% withholding tax rate at DTCC. GlobeTax must receive a signed Appendix A cover letter (scanned copies accepted) to certify the number of shares elected at the 50% withholding tax rate. If GlobeTax does not receive the signed Appendix A cover letter, we will adjust CA Web elections to the 30% statutory rate. An ESP submission is not required to support shares elected at the 50% withholding tax rate.

Undisclosed Non-Finnish Tax Residents should continue to elect at the 30% withholding tax rate at DTCC. Elections must be made at DTCC to obtain either of the favorable 15% or 25.5% rates. However, an ESP submission is required to obtain the 25.5% rate.

Quick Refund

Quick Refund will now feature two batches per event:

- Batch One: Processed through DTCC
- Batch Two: Processed through GlobeTax and paid through check or ACH

Instructions for submitting the 50% shares remain the same. However all shares seeking the favorable rates of either 15% or 25.5% must be accompanied by an ESP submission.

Long Form

The Long Form process remains unchanged. It is now the only process where investors may obtain the 0% exempt rate. The exempt rate is no longer available via Relief at Source or Quick Refund.

Documentation requirements and process details can be found in the Finnish Important Notices. Please contact FinlandESP@GlobeTax.com with any additional questions.



GlobeTax Unveils New Withholding Tax Process on Hybrid Interest Payment Event

This April, GlobeTax debuted a new process for AerCap's (CUSIP: 00774YAA7; RD April 1, 2020) interest payments. AerCap's semi-annual interest payments are subject to both Irish and Dutch withholding tax, for a combined withholding rate of 40%.

While the Relief at Source window has passed, beneficial owners can take advantage of the Quick Refund and Long Form processes. Similar to Relief at Source, the Quick Refund process is serviceable via ESP. The Quick Refund cut-off for ESP is April 20, 2020; the Long Form window is open through December 2024.

Questions for this event should be directed to the Irish team at IrelandESP@GlobeTax.com.



Enroll in Direct ACH Payments for Tax Reclaims

The most efficient way to receive payment on tax reclaims is through our Automated Clearing House (ACH) electronic payment system. Payment through ACH eliminates the need to wait for mailed checks and avoids the hassle of unexpected delays in the current work from home environment.

Signing up for ACH payments is free and straightforward. Applicants complete a simple registration form. Once GlobeTax receives the form, our finance team will send two small test payments to verify the connection. When the tests are complete, your institution will be up and running!

Please contact ACHRegistration@GlobeTax.com to sign up or ask questions about ACH payments.



Switzerland Restricts Distribution of Tax Exempt Dividends

The Swiss Federal Tax Administration has passed a measure to adjust capital contribution principles for companies listed on a Swiss Stock Exchange.

This measure states that domestically-listed Swiss companies can only use capital contribution reserves to pay dividends free of withholding tax if an equivalent amount is paid via taxable dividends. This is known as the 50/50 rule.

As a consequence, withholding tax may be applied to Swiss events that were previously tax exempt.

Look out for new Swiss Important Notices to keep abreast of impacted events. Questions can be directed to SwitzerlandESP@GlobeTax.com.



Another Russian Audit Closes!

Our Russian custodian, Sberbank, informed GlobeTax that the tax audit initiated by the Russian Inspectorate for Sberbank with record dates in 2014, 2015, and 2016 is closed. This audit was originally communicated on May 2, 2017. No additional documentation is required. This notification only applies to the tax audit for JPMorgan Chase Bank, N.A.-sponsored programs.

Should you have any questions, please contact RussiaESP@GlobeTax.com.



Hint #1 – If you don't need to ship documents, don't!

In response to COVID-19, many markets are allowing scanned copies in lieu of originals. If you plan to submit documentation for a market or claim process that does not require original documentation at this time, please refrain from sending documentation until contingency measures are relaxed. Please refer to the table on Page 2 or reach out to the relevant market contact to confirm where original documentation is required.

Hint #2 – Unable to print and sign cover letters? We can help!

In the work from home environment, simple tasks like signing the ESP cover letter can become a challenge. If you are unable to print or digitally sign a cover letter, feel free to email the document to the respective market's email group. We will send an editable Word version through a secure server.