

WITHHOLDING TAX UPDATE



March 2020

What's Inside

Ireland Increases Statutory Rate to 25%.....	2
Non-U.S. Investors May Participate in RAS and QR for Euronav.....	2
A Short Guide to France Long Form, C'est Simple!.....	3
IRAs Entitled to Exemption in Switzerland.....	3
Russia Closes Audit on Sistema DR Programs.....	3
Sweet Relief! Original Docs No Longer Required for Swedish RAS and QR.....	4
South Korea Issues Favorable Court Ruling for Luxembourg SICAVs and SICAFs.....	4
New Year, New Rules: Introducing 2020 Treaty and Protocol Changes.....	4

Hello and welcome to our first *Withholding Tax Update* of 2020.

With the dawning of the New Year, new requirements are taking effect. This issue summarizes the most impactful market changes, overlooking rate increases in **Ireland**, revised requirements in **Switzerland** and **Sweden**, court decisions in **South Korea**, and more.

As we did at the beginning of 2019, we have compiled a matrix of new tax treaties and protocols. Review it to ensure you aren't missing out on valuable reclaim opportunities!

Best,

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Ireland Increases Statutory Rate to 25%

As of January 1, 2020, the statutory dividend withholding tax rate in Ireland has increased from 20% to 25%. The change to the statutory rate is based on the pay date of the dividend. Events that pay in 2020 but have a 2019 record date are subject to the 25% statutory rate.

This change is not retroactive and only affects Irish events paid in 2020 and onward.

Please contact IrelandESP@GlobeTax.com for additional information.



Non-U.S. Investors May Participate in RAS and QR for Euronav

Effective immediately, non-U.S. holders are eligible to apply for treaty benefits via the relief at source (RAS) and quick refund (QR) processes for the Belgian security Euronav N.V. (CUSIP: B38564108).

Previously, RAS and QR processes were limited to U.S. beneficial owners; non-U.S. investors could not benefit from the long form reclaim process for this typically biannual event. The widening scope of participation for non-U.S. holders allows investors from nearly 100 jurisdictions to participate in the initial RAS and QR windows.

Guidelines and requirements for non-U.S. holders wishing to claim through these processes will be provided on upcoming Important Notices.

Please contact BelgiumESP@GlobeTax.com for additional information.



A Short Guide to France Long Form, C'est Simple!

Those who frequently review French Important Notices might wonder why long form documentation requirements are absent.

Although core documentation requirements in the French market remain the same, supplemental documentation is ever-changing. For instance, documentation requirements for transparent entities has changed three times in the past year alone.

Fear not, the below tips can help:

- Tip 1 – Email FranceESP@GlobeTax.com for the most up-to-date requirements.
- Tip 2 – A Certified Form 5000 works in lieu of a Certificate of Residence
- Tip 3 – Print reclaims on double-sided forms. It's a requirement and saves the environment.



IRAs Entitled to Exemption in Switzerland

Following an amendment to the U.S.-Switzerland treaty, IRAs are now eligible for exemption in Switzerland.

Consequently, IRAs filing for exemption are treated like U.S. Pensions. An IRS Form 6166 (in the name of the beneficial owner) is required. IRAs without an IRS Form 6166 can continue to file as individuals to receive the favorable rate.

Regardless of the pursued reclaim rate, IRAs must continue to use the Form 821 when filing for unsponsored events. The new exemption rate is not retroactive and applies only when filing for dividend years 2020 and onward.

Please contact SwitzerlandESP@GlobeTax.com for additional information.



Hint #1 – Seeking entitlements in Italy and Spain, but haven't updated your Certificate of Residency? You might be in luck!

Until March 31 of the current year, Italian regulations will permit the use of a Certificate of Residency (COR) or IRS Form 6166 from the previous tax year. Therefore, if you have not received a COR for the current year, you may be eligible to use a previous version when submitting claims in Italy.

Certain Spanish custodians also accept previous CORs, however the process is more limited. Please contact SpainESP@GlobeTax.com information.

Hint #2 – Three ways to file Irish long form reclaims for Non-U.S. and Non-Irish residents

Remember, there are multiple ways to submit in Ireland.

- Certifying the V2 form for the year of dividend payment or within 5 years prior to the dividend payment.
- Providing a standalone COR for the year of the dividend pay date.
- Certifying the DWT (Dividend Withholding Tax) Form.

Note that the above documents must be provided in addition to the ESP cover letter and POA requirements found in the Important Notice.

Hint #3 – French Relief at Source: Be wary of where you are sending documents!

For all BNY-sponsored ADR dividend events, the documents required for relief at source (including the Appendix F client-listing Excel) must be sent directly to the French custodian. Please see the Important Notice for more information. Contact details are on page 4.



Russia Closes Audit on Sistema DR Programs

GlobeTax has recently learned that Russia's March 2017 audit of Sistema –144a (CUSIP: 48122U105) and Sistema – Reg S (CUSIP: 48122U204) with October 7, 2016 as a Record Date is officially closed. No additional documentation is required.

Please note: this notification is specific only to the audits for Citibank, N.A.-sponsored programs where Sberbank is the custodian.

Please contact RussiaESP@GlobeTax.com for additional information.



Sweet Relief! Original Docs No Longer Required for Swedish RAS and QR

Effective January 1, 2020, Swedish investors seeking exemption are no longer required to provide original documents for relief at source and quick refund. Instead, investors seeking exemption should send a scanned, signed copy of the required documents to SwedenESP@GlobeTax.com. Note, GlobeTax strongly recommends that investors keep original documents on file in the event of an audit

This move follows a loosening of requirements in 2018, under which non-U.S. beneficial owners no longer needed to furnish original documentation (Certificates of Residency and SKV 3740 tax forms) when submitting relief at source and quick refund claims.

Note that the process for Swedish long form reclaims remains unchanged. Please consult the Important Notices or email SwedenESP@GlobeTax.com for additional information.



South Korea Issues Favorable Court Ruling for Luxembourg SICAVs and SICAFs

On January 16, 2020, the Korean Supreme Court ruled that Luxembourg SICAVs and SICAFs are entitled to reduced withholding tax rates under the Korea-Luxembourg double taxation treaty.

This decision comes as a result of a challenge to the 2011 ruling by the Korean Ministry of Strategy and Finance, which deemed these entities ineligible for reduced withholding tax rates for dividends paid between 2007 and 2011.



































The decision confirms that Luxembourg SICAVs and SICAFs are considered Overseas Public Collective Investment Vehicles (OPCIV) and are thus entitled to favorable treaty rates on Korean-sourced income.

Given that Luxembourg SICAVs and SICAFs have been permitted to file in Korea since 2012, this ruling does not immediately impact current relief at source or long form processes.



New Year, New Rules: Introducing 2020 Treaty and Protocol Changes

The following matrix represents a partial list of the treaties and protocols that took effect in early 2020. Make sure to thoroughly review the chart to ensure clients receive their correct entitlements.

Treaty Country 1		Treaty Country 2		Effective Date	Treaty or Protocol	Withholding Tax Rate
	Angola		Portugal	January 1, 2020	Treaty	15%
	Israel		Serbia	January 1, 2020	Treaty	15%
	Ecuador		Japan	January 1, 2020	Treaty	5%
	Australia		Israel	January 1, 2020	Treaty	15%
	Colombia		United Kingdom	January 1, 2020	Treaty	15%
	South Korea		Czech Republic	January 1, 2020	Treaty	5% (from 10%)
	Cambodia		Hong Kong*	January 1, 2020	Treaty	10%
	Estonia		Hong Kong*	January 1, 2020	Treaty	10%
	Ukraine		United Kingdom	January 1, 2020	Protocol	15% (from 10%)
	Belgium		Japan	January 1, 2020	Treaty	10%
	Austria		United Kingdom	January 1, 2020	Treaty	10% (from 15%)
	Costa Rica		Mexico	January 1, 2020	Treaty	12%
	Croatia		Kazakhstan	January 1, 2020	Treaty	10%
	Croatia		Japan	January 1, 2020	Treaty	5%
	Poland		Sri Lanka	January 1, 2020	Treaty	10% (from 15%)
	Switzerland		Zambia	January 1, 2020	Treaty	15%
	Switzerland		United States	January 1, 2020	Protocol	Remains 15% (IRAs entitled to 0%)

*Effective Date for Hong Kong is April 1, 2020.

**Note: This table does not represent an exhaustive list of all double taxation treaties or protocols taking effect in 2020.