

WITHHOLDING TAX UPDATE



Winter 2021

What's Inside

Finland Implements New Rate and Reclaim Process	2
Brexit Impacts Withholding Tax World	2
GlobeTax Unveils Voucher Request Portal on ESP Service Desk	3
France Relaxes Documentation Requirements for Relief at Source	3
Sweden Accepts Scans for All Tax Relief Processes	4
European Investment Funds Entitled to Exemption in Italy	4
Minimum Reclaim Value Lowered for UBS Group AG Reclaims	5
Updated Russia-Cyprus Protocol Enters into Effect	5
Joe's Handy Hints	5
New Treaties and Protocols in 2021	6

Welcome to the first installment of GlobeTax's *Withholding Tax Update* newsletter in 2021!

We have several market updates to share: major changes in Finland, impacts of Brexit, a new voucher request portal on ESP, and more.

Finally, as is our custom for the first newsletter of the year, we have included a matrix of the latest double taxation treaties entering into force in 2021. Be sure to review the matrix to ensure that your clients are receiving their full entitlements!

Best,

Joe Hands
Editor in Chief
Withholding Tax Update



Stay in touch with the GlobeTax Depository, CSD, & Issuer Services team



Gregory Lewis
Executive Director
Gregory_Lewis@GlobeTax.com



Jonathan Staake
Director
Jonathan_Staake@GlobeTax.com



Leann Maurice
Vice President
Leann_Maurice@GlobeTax.com

GLOBETAX



Finland Implements New Rate and Reclaim Process

Effective January 1, 2021, Finland will apply a 35% statutory withholding rate and introduce the Investor Self-Declaration form for long form claims. Furthermore, Finnish events will only offer unfavorable rates of 35% or 50% during relief at source. All other favorable rates will be attainable via the long form process.

The new 35% statutory rate represents a 5% increase from the previous 30% rate and will apply to undisclosed non-Finnish holders.

The Investor Self-Declaration form has been introduced as a document that can be used to support a long form reclaim alongside the Tax Relief at Source card and original certificate of residency certified for the year of dividend pay date. Beneficial owners will have the option to provide one of the aforementioned documents in support of their long form claims for further treaty rate entitlements.

The 50% withholding rate for undisclosed Finnish beneficial owners will remain in place. Finnish residents must be disclosed via ESP. Investors can avoid this higher rate during relief at source by electing through DTC.

Finally, UK charities and tax-exempt citizens are no longer eligible for exemption following the end of the Brexit transition period, which expired on December 31, 2020.

Please view the updated Finnish Important Notices for the full scope of reclaim rates and required documentation. Questions may be directed to FinlandESP@globetax.com.



Brexit Impacts Withholding Tax World

On December 31, 2020, the United Kingdom left the Brexit transition period following the UK's withdrawal from the European Union on January 31, 2020. The full impact of Brexit is now taking shape across all sectors, including the withholding tax realm.

One of the largest impacts of Brexit for UK investors is that previous avenues to reclaim within EU law will no longer apply. Other specific changes include:

- In Finland, UK charities and tax-exempt citizens are no longer eligible for exemption.
- In Italy, UK-domiciled pensions and corporations can no longer take advantage of the respective 11% and 1.2% withholding rates in Italy based on EU law. Instead, the treaty rate of 15% will apply.
- In Spain, UK UCIT entities are no longer eligible to reclaim the reduced 1% reclaim rate. The 15% treaty rate will now apply.

Be sure to read all Important Notices to keep abreast of any Brexit-related changes.



GlobeTax Unveils Voucher Request Portal on ESP Service Desk

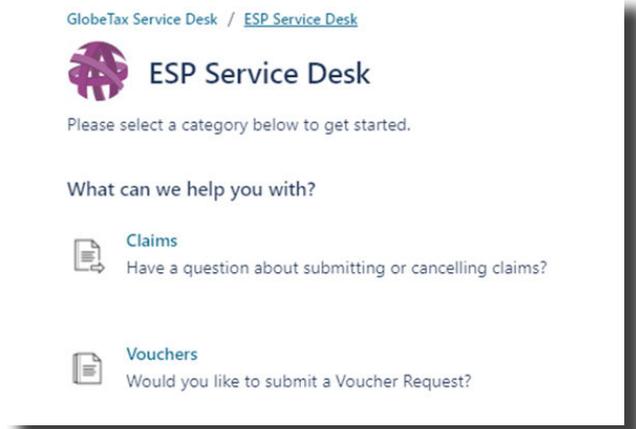
ESP has debuted a portal in the [ESP Service Desk](#) to streamline the voucher request and tracking process.

The new Voucher Portal provides users with the option to request a voucher to either 'File Direct' or for 'ECJ' ('European Court of Justice').

- 'File Direct' encompasses any voucher request in any market where a long form process is not available and claims are filed directly to the tax authority outside of the standard chain of custody.
- 'ECJ' vouchers accompany claims filed to assert discriminatory tax treatment under EU laws.

The voucher request section will prompt users to input a summary of their query and upload supporting details (usually in Excel format). Users will also have the option to insert an external reference number and add a request description.

The ESP Service Desk can also be found by clicking "Contact Us" in the dropdown on the top right-hand side of the ESP homepage.



France Relaxes Documentation Requirements for Relief at Source

When submitting for relief at source in France, participants will no longer be required to submit the claim Appendices to support their submissions for events with record dates in 2021 and beyond.

Following this change, required documentation for relief at source includes:

- Original Certificates of Residency (Form 6166)
- Form 8802
- Form 5000 (where required) and
- An ESP-generated cover letter

Entities that do not require documentation or cover letters, such as US Individuals and Corporations, are unaffected by these changes.

Please direct questions regarding these requirements to FranceESP@globetax.com.



Sweden Accepts Scans for All Tax Relief Processes

The Swedish Tax Authority has confirmed that long form reclaims may be submitted with scanned copies rather than original documentation.

Since the onset of the COVID-19 pandemic, the Swedish Tax Authorities had temporarily allowed financial institutions to file long form with scanned copies rather than originals.

Skatteverket has now confirmed that scans will be permanently accepted for all processes.

As tax authorities may request additional documentation at any time, we encourage keeping original documentation on file in the event of an audit.

Please direct questions regarding this change to SwedenESP@globetax.com.



European Investment Funds Entitled to Exemption in Italy

Investment funds domiciled within the EU or EEA are now permitted to apply for exemption from withholding tax on Italian dividend payments that occur in 2021 and beyond.

According to a new law introduced by the Italian government, investment funds must be classified as one of the following entities to be eligible:

1. A Collective Investment Undertaking (Organismo di Investimento Collettivo del Risparmio - OICR) pursuant to EU Directive 2009/65/EC; or
2. An Alternative Investment Fund, where the manager is subject to regulatory supervision in the country in which the fund is established (pursuant to EU Directive 2011/61/EU)

Additional information will be included on upcoming Italian Important Notices, as this process is established with local custodian banks.

Please direct questions regarding this change to ItalyESP@globetax.com.



Minimum Reclaim Value Lowered for UBS Group AG Reclaims

As a reminder, GlobeTax now supports Swiss long form reclaims on the UBS Global Registered Share program, UBS Group AG (CUSIP H42097107). We have lowered our minimum USD reclaim value threshold from \$10,000 to \$1,000 per claim. A tax relief fee of \$0.0105 per share, with a \$25 minimum, will apply to each long form claim. Claims can be submitted through the ESP portal.

For more information, please contact SwitzerlandESP@globetax.com.



Updated Russia-Cyprus Protocol Enters into Effect

The Russia-Cyprus double taxation treaty has been amended so that Cypriot residents are now entitled to the 15% statutory rate on Russian dividends rather than the previous 10% treaty rate. This protocol entered into effect on January 1, 2021.

Despite the treaty rate change, GlobeTax encourages users with beneficial owners domiciled in Cyprus to submit shares on ESP when claiming on Russian dividend events and make corresponding elections at DTC to the 15% disclosed category.

Please contact RussiaESP@globetax.com with any questions.



Hint #1 – Need to cancel a claim? You can now do this in ESP!

If a claim has not been approved by GlobeTax, ESP users can cancel claims by visiting the 'Manage Submissions' section and clicking the 'cancel' button next to the claim in question.

Hint #2 – Review the data submitted in ESP after completing your submission.

ESP users can access their original upload file at any time. This file is shown as an Excel icon in the 'Documents' column. It is also available in the 'Manage Submissions' section of ESP.



New Treaties and Protocols for 2021

What better way to ring in the new year than with a list of major double taxation treaty updates from around the world?

Check out the matrix below to ensure that your clients are receiving their correct entitlements for 2021 and beyond.

Treaty Country 1		Treaty Country 2		Effective Date	Treaty or Protocol	Withholding Tax Rate
	Algeria		Netherlands	January 1, 2021	Treaty	15%
	Bangladesh		Czech Republic	July 1, 2021 (COI Bangladesh) January 1, 2022 (COI Czech Republic)	Treaty	15%
	Botswana		Czech Republic	January 1, 2021 (COI Botswana) July 1, 2021 (COI Czech Republic)	Treaty	5%
	Cambodia		Malaysia	January 1, 2021	Treaty	10%
	Cambodia		Indonesia	January 1, 2021	Treaty	10%
	Canada		Madagascar	January 1, 2021	Treaty	15%
	Cape Verde Islands		Spain	January 7, 2021	Treaty	10%
	Cyprus		Kazakhstan	January 1, 2021	Treaty	15%
	Cyprus		Russia	January 1, 2021	Protocol	15% (from 10%)
	Czech Republic		Ghana	January 1, 2021	Treaty	6%
	Czech Republic		Kyrgyzstan	January 1, 2021	Treaty	10%
	Czech Republic		Taiwan	January 1, 2021	Treaty	10%
	Hong Kong		Macau	January 1, 2021 (COI Macau) April 1, 2020 (COI Hong Kong)	Treaty	5%
	Hong Kong		Serbia	January 1, 2021 (COI Serbia) April 1, 2020 (COI Hong Kong)	Treaty	10%
	Ireland		Netherlands	January 1, 2021	Treaty	Remains at 15%; Pensions move to 0%
	Italy		Uruguay	January 1, 2021	Treaty	15%
	Jamaica		Japan	January 1, 2021	Treaty	10%
	Japan		Uzbekistan	January 1, 2021	Treaty	10%
	Malta		Russia	January 1, 2021	Protocol	15% (from 10%)
	Singapore		Turkmenistan	January 1, 2021	Treaty	10%

Note: This table does not represent an exhaustive list of new double taxation treaties or protocols taking effect in 2021.