



Client Tax Reports from Banks

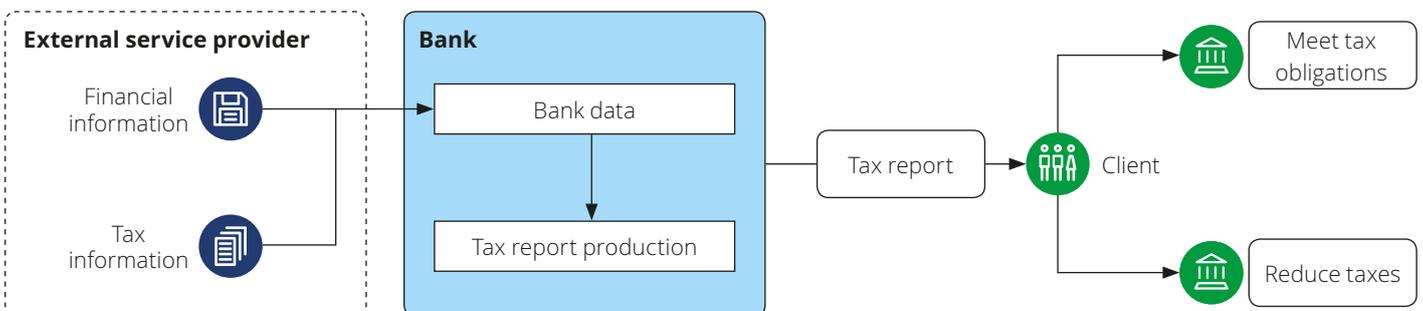
Increase the added value for your customers

In an international environment with an increasing focus on tax compliance, more and more clients are expecting from their banks to receive country specific client tax reports. By including additional information on applicable withholding tax rates on investment income in their client tax reports, banks can provide added value to their customers by giving them the necessary information to claim a reduction of withholding taxes on investment income and/or a tax credit for non-recoverable foreign taxes paid.

Why is it important?

The introduction of the automatic exchange of information on tax matters and the global shift to tax transparency dramatically changed the banking landscape. The new clientele of tax compliant clients impose higher service demands on their banks and expect to receive client tax reports that allow them to properly declare the assets and income in their tax returns. In addition, such clients are also interested in reducing any withholding taxes suffered on their investments, where ever possible.

Many investment countries apply withholding taxes on dividend or interest payments on securities issued by a local institution. A foreign investor is entitled to claim a reduction of the withholding tax based on a double tax treaty or a similar agreement between the source country of the income (i.e. the investment country) and the domicile country of the investor. In addition, a foreign investor often can claim a tax credit in its domicile country for any withholding taxes suffered on investments that are non-recoverable under a double tax treaty.

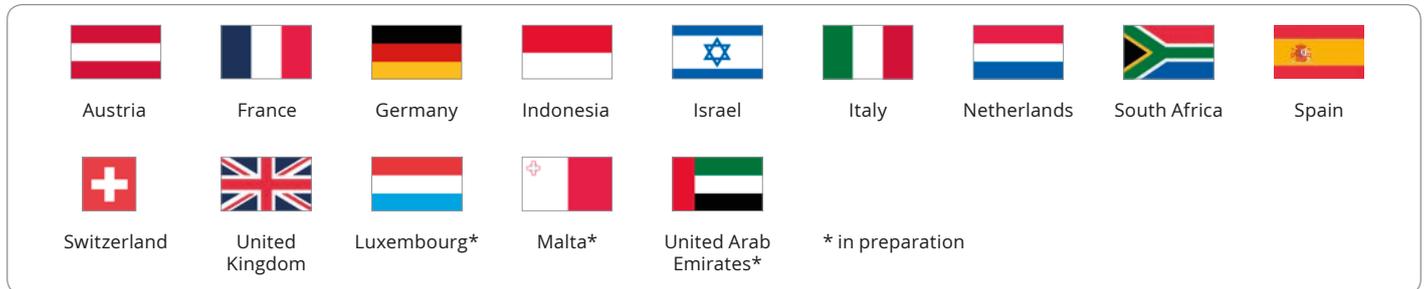


The enhancement of client tax reports with withholding tax information allows customers not only to meet their domestic tax obligations but also to reduce withholding taxes suffered on their investment income and thus to increase their investment return after taxes.

What do we offer?

The inclusion of relevant withholding tax information in client tax reports can be complex as for each customer domicile country all applicable withholding tax rates under the double tax treaties concluded with investments countries must be considered and future updates to double tax treaties must be tracked.

In response to an increasing market demand Deloitte developed standardised withholding tax tables, which are annually updated and include the non-recoverable withholding tax rates on investment income under all double tax treaties concluded by the following customer domicile countries:



The tax tables are in XML format according to specifications from the software provider BearingPoint with regard to their tax reporting software EasyTax. This format allows banks that are using this software to directly upload the tax tables in the respective EasyTax module. Other formats would also be possible in case a different reporting software is used.

How can this information be obtained?

Deloitte offers the tax tables through a subscription service, which means that subscribed financial institutions annually receive accurate tax information for their chosen customer domicile countries.

For further information on the subscription service or the customer domicile countries in scope please contact one of the below professionals.

What additional services can we provide?

Besides the subscription of tax tables Deloitte is also providing financial institutions with a full outsourcing solution for their client tax reporting or alternatively with advice and assistance for implementing and running an in-house solution.

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