WHAT IS NEW IN TAX-AT-SOURCE ON DIVIDENDS

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**Host:** Lauri Havia

**Presenters:** Samir Abdoune & Emma Pulkkinen

**Guest:** Katja Pussila
Agenda

- Updated instructions for filling in application form 6163e and enclosure 6167e
- New form 6211e for tax-at-source card applications
- Update on potential legislative change: nominee registered shares
- Q&A
Updated instructions for filling in application form 6163e and enclosure 6167e
Sending your application

- Send the completed application form to the address stated on the form
- If needed, you can also deliver your application to any office of the Finnish Tax Administration, for example the Southern Finland Corporate Tax Office, Registry, Vääksyntie 4, 00510 Helsinki
  - This street address can also be used for courier service
  - When using courier service, make sure to also write down the P.O. Box address
- Please refrain from using reclaim processors names in the address field
- Make sure to have the QR-coded application form as the first page of your application
  - Note. If you are using several 6163e forms, you must enclose all relevant attachments to each 6163e form
Dividend vouchers and receipts

- Dividend vouchers/receipts are mandatory enclosures
- In addition, we may ask you to present
  - A full audit trail, i.e. a chain of dividend vouchers showing the flow of the payment from the payor through financial intermediaries to the applicant
  - Proof of purchase
- Depositary receipts, e.g. American Depository Receipts (ADR)
  - The dividend voucher should
    - be addressed to the holder of the DR
    - indicate that the dividend has been paid based on DR shares
  - Note. Refunds are always paid in euros, regardless of what currency the dividend was paid in to the applicant - make sure to write all amounts in euros on the application form
Other modifications

- **5.1: Direct shareholding, through a fund or through a partnership**
  - Also attach a free format clarification on how many units or shares of the fund or partnership the applicant owns

- **5.8: Parent-Subsidiary Directive**
  - If your application is based on the EU's Parent-Subsidiary Directive, enclose a document from the payor showing how much of the dividend paying company’s capital the applicant held on the dividend record date
5.16: Intermediary banks

- **Example:** Bank C pays the dividend to the beneficiary, i.e. the applicant. Bank C has received the dividend from the foreign custodian Bank B. Bank B has received the dividend from the Finnish custodian Bank A, which has made the payment on behalf of the dividend paying company. In field 5.16, the applicant must provide the names of all the intermediary banks. The applicant provides the names of the following intermediary banks: Bank A, Bank B, and Bank C.
Example: Intermediary Banks and Agents

Finnish payer e.g. Nokia → Finnish custodian bank → Foreign custodian bank → Applicant's bank → Applicant

5.16 Give the name of the foreign intermediary bank(s) handling the dividend payment

Finnish custodian bank, Foreign custodian bank, Applicant's bank
Don't forget...

- If your request is based on the applicant being **comparable to a tax-exempt Finnish organisation**, you must also enclose the following documents to the application:
  - An explanation of the circumstances that make it possible for the applicant to be seen as comparable to a tax-exempt Finnish organisation
  - Form 6161e (Certificate of tax treatment concerning dividends) or another document issued by the country of residence establishing that the Finnish tax-at-source cannot be fully credited in your country of residence

- For example, when the applicant is applying for a refund based on the applicant being **comparable to a Finnish investment fund**, the explanation should contain a detailed description of how the applicant is comparable
Example: Investment funds

- The following example gives you an idea of the sort of information that is required. The questions below refer to the type of information we are looking for with regards to investment funds.
  - How is the investment fund managed?
  - Who is the fund’s custodian, i.e. the one that holds the fund’s assets?
  - Who owns the fund’s assets?
  - How is the value of the fund’s shares calculated?
  - Who can invest in the fund? How does the investor buy and sell the fund shares?
  - Is the fund supervised by government officials?
  - How is the fund and its shareholders or unit holders taxed in the domicile country?
  - Is the fund in question open ended with variable capital or is it a close ended fund?
  - The legal Act under which the investment fund is established.
  - The rules under which the investment fund is established: concerning contractual funds, trusts (unit trust), or company by-laws (investment companies). Description of the entity form used for the collective investment scheme in question (e.g. investment association).
New form 6211e for tax-at-source card applications
What is a tax-at-source card?

- The entity can present the card to the Finnish payor before the income is paid, allowing the payor to withhold the correct amount of tax-at-source when the payment is made.
- In cases where the payment has already been made, and too much was withheld upon payment, the holder of a tax-at-source card can apply for a quick refund from their custodian bank, but only during the payment year itself.
- In both of the above situations, the foreign entity will no longer have to apply for a refund after the year of payment has ended.
Applying for a tax-at-source card: form 6211e

- New optically read application form for **dividend, interest and royalty income**
  - Please take the same considerations as you would for the refund application form 6163e when compiling and sending your application
  - For example, make sure the QR-code on the application form is not covered or surrounded by any stamp, text or other markings

- The information on the tax-at-source card is in **Finnish, Swedish, and English**
  - However, please choose the language of the form according to which language you wish to receive any possible information requests in

- As a rule, the tax-at-source card is issued for the current calendar year
Required enclosures

- When you apply for a tax-at-source card for dividend, interest or royalty income, enclose the following documentation:
  - A certificate of residence (COR) issued by local officials for the payment year in question
    - Under exceptional circumstances, some other registration document from local officials will also be accepted
  - A detailed description of the grounds the application is based on
  - A power of attorney if the corporate entity is represented by an agent
Instructions on how to fill out the form

- **Section 2:** If you wish for the tax-at-source card to be sent to your agent, tick "Yes" in field 2.2 (Tax-at-source card will be delivered to a representative)

- **Point 3.3:** If the entity has received a tax-at-source card or a refund earlier, you should indicate whether its circumstances, as presented earlier, have changed or remained the same – tick either "Yes" or "No"
  - If you answered "Yes" and the circumstances have changed, please give a detailed description as an enclosure

- **Point 3.6 and 3.7:** Grounds for the application and the rate of tax-at-source
  - Choose one of the options in 3.6 and remember to attach a detailed description of the grounds the application is based on
  - Fill in the desired percentage of withholding for the tax-at-source card in point 3.7
    - You are expected to fill in a number: 0 or 15 etc.
Instructions on how to fill out the form

- **Additional guidance for umbrella funds**
  - Typically the Tax Administration issues the tax-at-source card to the main (=umbrella) fund; therefore, you must use the main fund's name when filling in the application.
  - However, there are some exceptions: as a guideline, fill in the application in the name of the entity that receives the COR from the local tax administration.
For more information

- Check the online instructions for filling out the form (6211e)
- Contact us
  - Contact details provided at the end of this presentation
Update on potential legislative change: nominee registered shares
What legislative change?

- Government's proposal
- Timeframe
- OECD TRACE
- Authorised Intermediary Register
- Involvement of financial actors
Stay informed

- Make sure to subscribe to the **Newsletter for the Financial Sector**
- Keep an eye on our new page for the financial sector on tax.fi: **The Financial Sector and Taxation**
  - Guidance for the financial sector
  - Up-to-date information on any legislative changes
  - Other news related to the financial sector
Contact
Contact

- Refund of Finnish withholding tax on dividend, interest or royalty income
  - whtreclaims(a)vero.fi
- Legislative change regarding nominee registered shares
  - financialsector(a)vero.fi
- Note. These email addresses are for general guidance only
- Check our other contact details on tax.fi
For You.