



Legislative change: nominee-registered shares

Online meeting, 22nd of January 2020

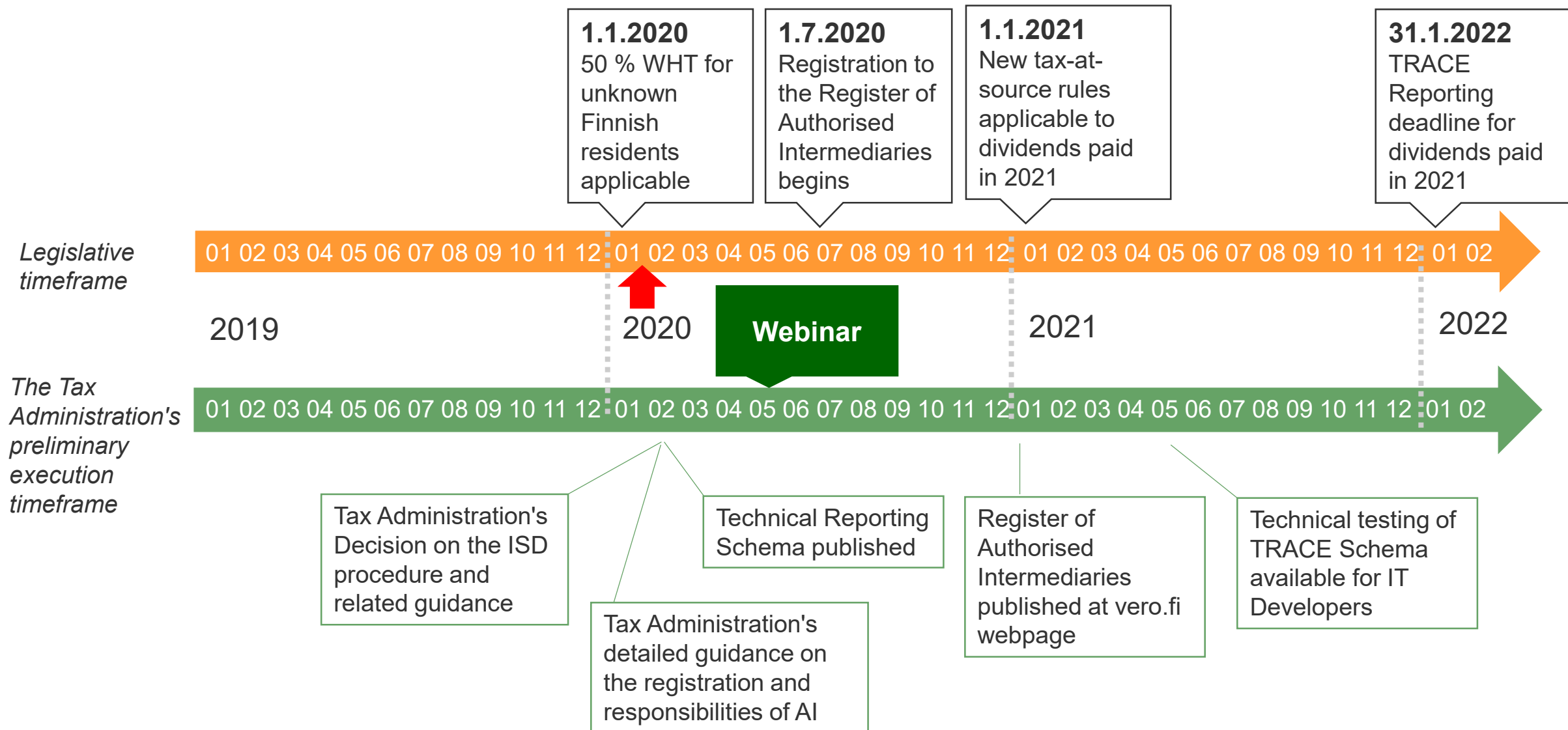


Agenda

- The progress of the legislative change and its implementation
- Updated publication schedule of upcoming guidance
- 50% withholding tax for unknown Finnish tax residents
- Electronic application for refund of Finnish withholding tax, XML bulk submission
- Questions and answers
- Next online meetings



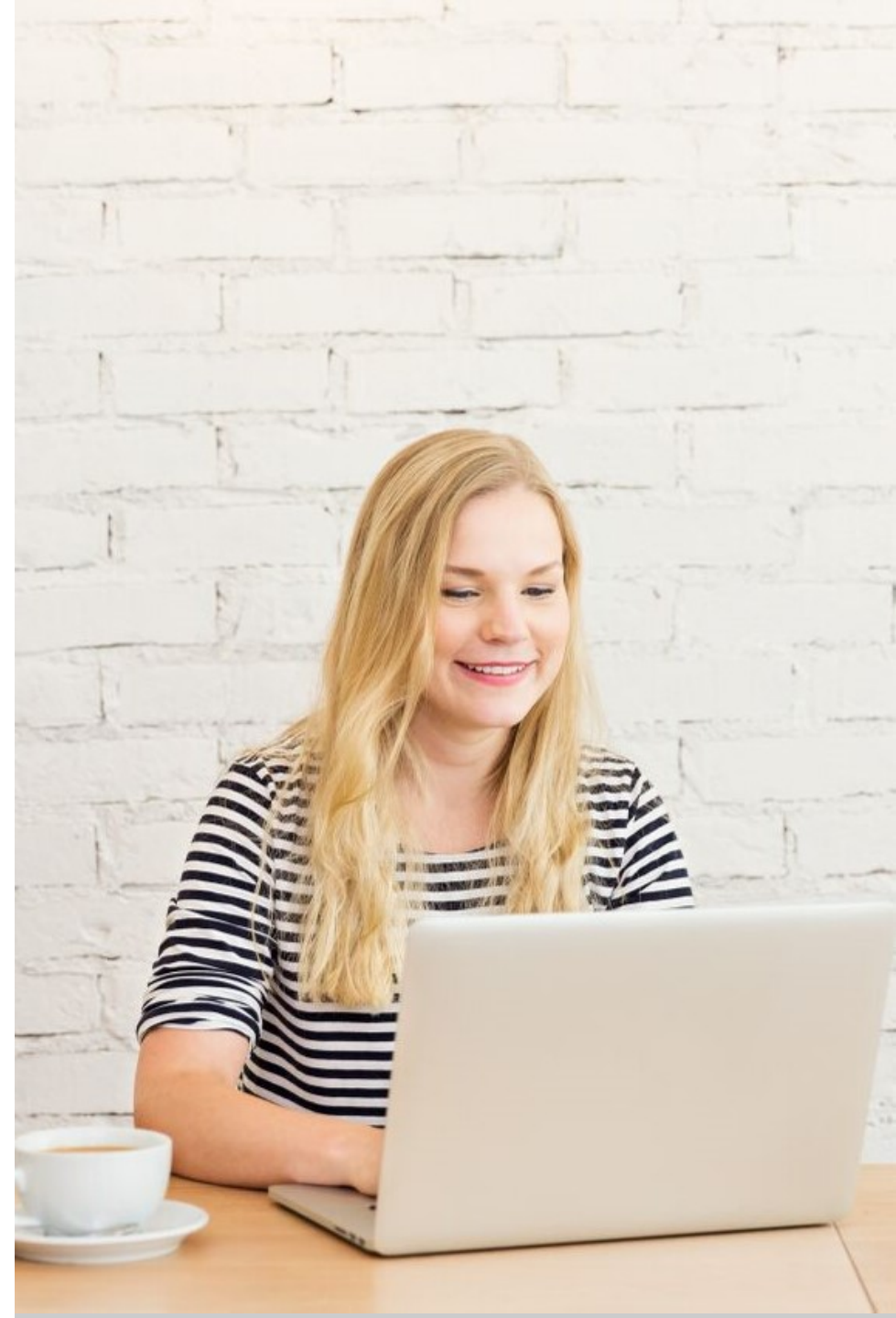
Where are we now?



Publication schedule

Upcoming guidance:

- Withholding tax on dividends paid to nominee-registered shares held by Finnish residents (official instructions)
- Investigating and identifying dividend beneficiaries and the Investor Self Declaration (ISD) procedure (official instructions)
- Registration into the Register of Authorised Intermediaries and the responsibilities of an authorised intermediary (official instructions)
- OECD TRACE XML Schema



50 % withholding tax for nominee-registered Finnish tax residents

- Dividends paid to *nominee-registered shares* held by a Finnish tax resident will become subject to a 50% withholding tax if the information on the dividend beneficiary is not given
- Applied to dividends paid on the 1st of January 2020 or thereafter



Guidance for 2020

- Applies only for the issuer (payer)
 - Liability lies with the payer
- In practise, payor requests the beneficiary information from the chain
 - Issuer can use a service provider (e.g. custodian) but the tax liability lies with the issuer
- Two scenarios, if beneficiary unknown
 - If confirmation that there is no Finnish tax residents, withholding tax (tax at source) rate is 30 %
 - If confirmation that there is Finnish tax residents, domestic withholding rate is 50 %



How to identify whether the beneficiary is Finnish tax resident or non-resident?



- Custodian may rely on due diligence procedure for CRS/DAC2
 - If account holder has been identified as a Finnish reportable person, it must be treated as a Finnish tax resident
 - 50 % domestic withholding tax
 - If account holder is not reportable person to Finland, it may be treated as a non-resident for these purposes
 - 30 % withholding tax (tax at source)

Annual information return



- Payer is responsible for providing an annual information return
 - In practice done by the Finnish account operator on behalf of the issuer, based on information received from the chain → essentially how it is done now
- Annual information return must be submitted by the end of January following the year of payment

Electronic application for refund of Finnish withholding tax

- As part of the overall legislative change, we will be improving and developing the refund claim procedure and tax-at-source card procedure
- Goal is to smoothen the application procedure, as well as prepare for a potential increase in number of applications
- Currently developing a electronic application form, which guides the applicant in filling in the form



XML-format bulk submission



- One file can be used to claim for several beneficiaries (both individual and corporate investors)
 - Separate XML files for refund applications and tax-at-source card applications (tax-at-source card applications only for corporate entities)
 - Attachments also sent in electronic format
- **Note.** Decisions and information requests still sent by post
 - Responses to information requests should also be made by post
- XML-format bulk submission currently being used e.g. in Denmark
- FATCA/CRS/DAC reports already given in XML-format
 - Similarly TRACE reports will be given in XML-format

XML technical instructions

- MessageSpec: Identifying information of specific XML file, and contact information for IT person
- WhtBody: Information on the sender of the file (agent) as well as the applicants
 - Required information roughly what is currently requested on forms 6163 and 6211 with some additions
 - QR-coded paper forms will also be adjusted accordingly
- Please send any comments and questions related to the technical guidance preferably by January 31st 2020
 - These comments will then be taken into consideration in the final version to be published in the spring



Questions?



Next online meetings

- The next online meeting is February 26th, 3-4 pm
- All future online meetings will be held in English
- Skype links and conference call details the same for all meetings in the Spring
- No need to preregister, instructions to join will be provided on the same page as this meeting:
 - [Legislative change: nominee-registered shares - Online meeting](#)





Any other questions?

Send any further questions to financialsector@vero.fi

