



Legislative change: nominee-registered shares

Online meeting, 20th of November 2019

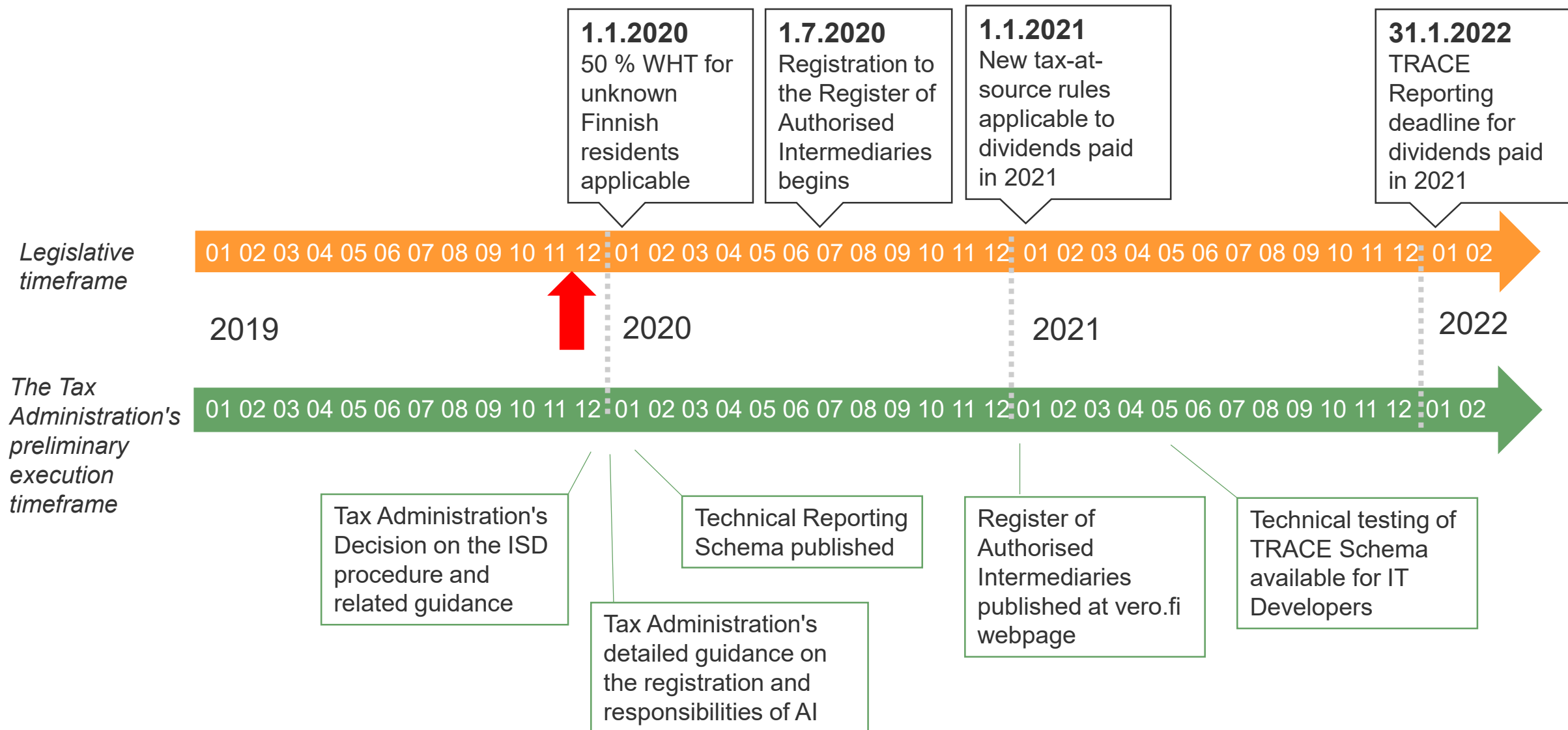


Agenda

- The progress of the legislative change and its implementation
- Updated publication schedule of upcoming guidance
- Investor Self Declaration (ISD) procedure
- Digitalisation of application for refund of Finnish withholding tax
- Questions and answers
- Next online meetings



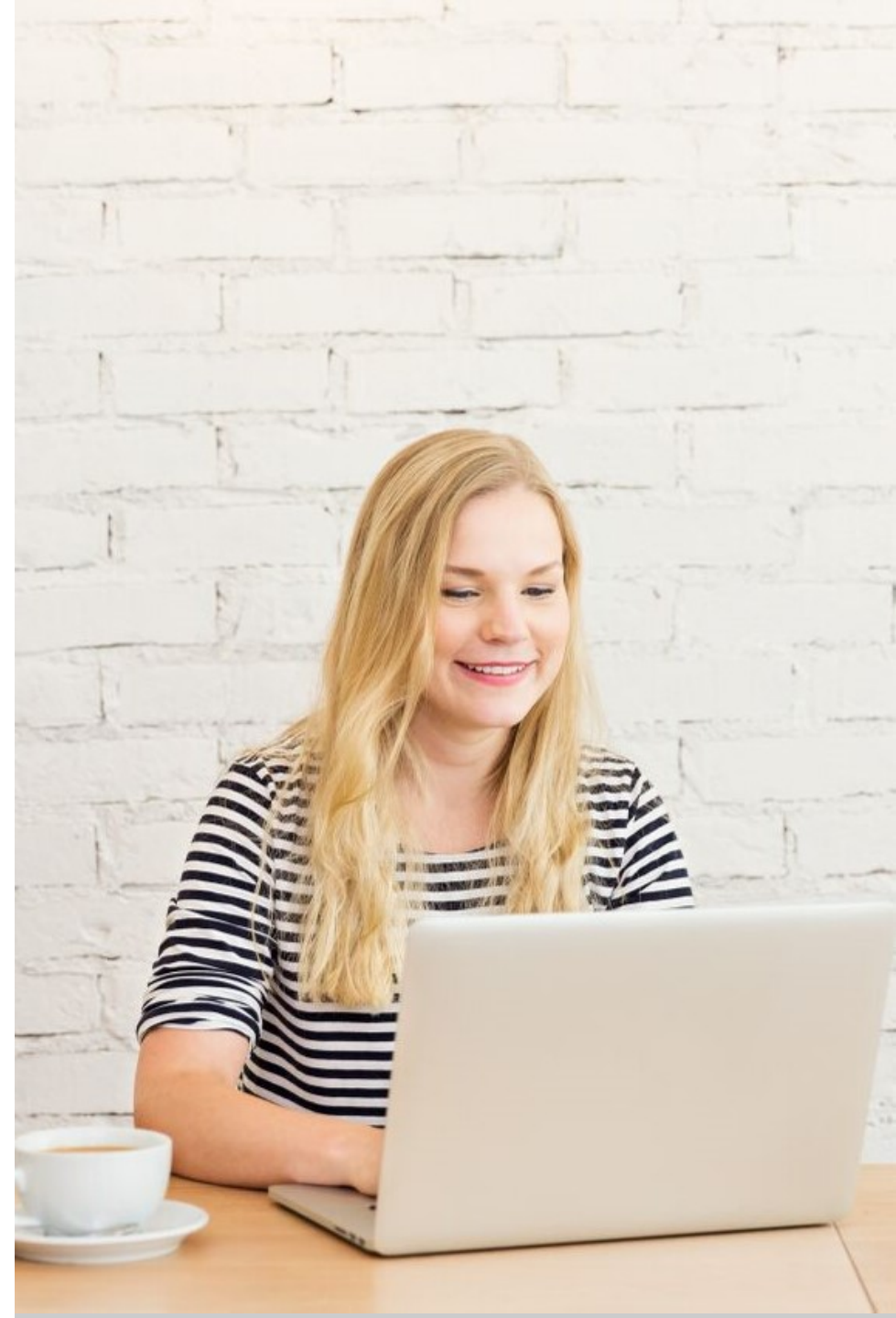
Where are we now?



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)



Investor Self-Declaration (ISD) Procedure

- Procedure, how the beneficiary has to be identified and documented
 - Based on Treaty Relief and Compliance Enhancement (TRACE) model
 - Legal base from the Act on the Taxation of Nonresidents' Income 10 b §
 - Finnish Tax Administration will release further instructions as to the:
 - contents
 - period of validity
 - and what procedures must be followed when verifying the reliability of the declaration
- By following this guidance, the authorised intermediary will get legal certainty



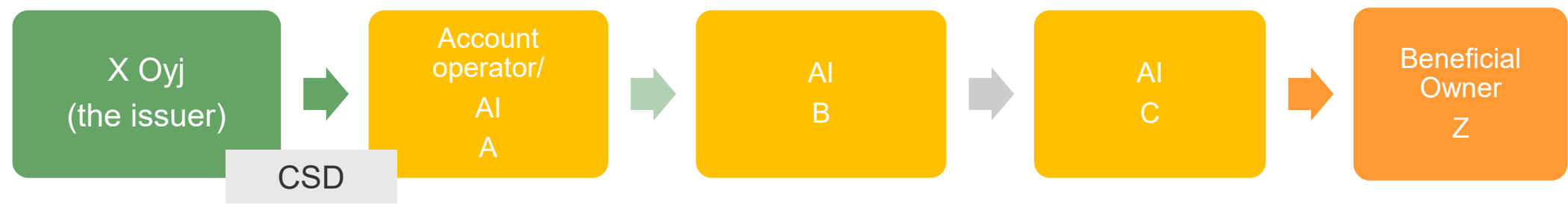
ISD: Information and form



- Clarification provided by beneficiary of the dividend, which contains the necessary information for imposing tax at source on dividend beneficiary
- Backed up with sufficient documentation
 - all the documentation must be made available in hard copy form upon request
 - valid only if it is signed (or otherwise positively affirmed)
- Can be provided in any manner and in any form
- Its contents must not be contradictory to the AI's other knowledge and information of the beneficial owner
 - reasonable measures for the ISD based on procedure described in the TRACE implementation package
- Separate ISD for individuals and for entities

ISD in the chain

AI= Authorised Intermediary



ISD Procedure


AI A doesn't have the responsibility to check the ISD
-> it is enough that AI A verifies from Tax Administration's register that B is registered as an authorised intermediary

AI B doesn't have the responsibility to check the ISD
-> it is enough that AI B verifies from Tax Administration's register that C is registered as an authorised intermediary

AI C collects and validates the ISD and provides it to the Tax Administration upon request

Provides the ISD to AI C

upon Tax Administration's request



ISD: Reasonable measures

- AI must use reasonable measures to ensure that the information is correct
 - Requirement is similar to the CRS reasonableness test
- Reasonable measures
 - AI must confirm the reasonableness of ISD based on the information it obtains, including any documentation collected pursuant to AML/KYC/FATCA/CRS/DAC2 procedures



ISD: AI's responsibility

- AI must ensure that information contained in ISD is correct for granting tax treaty benefits
 - AI may not make claims on the basis of an ISD if the AI knows, or should have known, that the information or statements contained in the ISD are unreliable or incorrect
 - If beneficiary's information is changed, AI must review and if necessary, update the ISD
- In case of fraudulent ISD
 - In case that AI doesn't know, or does not have reason to know, that the ISD is incorrect, it is not liable for underwithholding
 - AI has to provide all the documentation etc. upon request to the Tax Administration to demonstrate that it has fulfilled all the requirements
 - Expectation is that AI has taken all the necessary actions towards the customer, who has provided fraudulent ISD

Digitalisation of 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 digital application form, which guides the applicant in filling in the form
 - Includes mandatory fields, summary page, reference number for each application
 - Form will be available on [tax.fi](https://www.tax.fi)



XML-format bulk submission



- In addition, we are working on an XML-format bulk submission application, where one file can be used to claim for several beneficiaries (both individual and corporate investors)
 - Currently have separate paper application forms for individuals and corporate entities
 - Targeted especially at future authorised intermediaries, but also open to any others that meet the necessary identification and technological requirements
- 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
- Technical guidance will be sent out for comments towards the end of the year

Questions sent in advance

- What is the validity period of the Investor Self Declaration?
- Is it sufficient that the custodian closest to the end-investor receives the ISD?



Next online meetings

- The next online meeting to be held in December will be held **in Finnish**
- Planning to organise similar meeting in 2020
 - This would mean the next meeting in English would be in January 2020
- 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

