

Tax and international investing

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Tax and international investing

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1

Overview of tax for international investing

Overview of tax and international investments

Reason to focus on requirements for foreign investments:

- Increasing international investments
- Increasing and complex filing requirements

Dividing the map:

- Differences in taxing structures

Local rules reign:

- And they keep changing



Global tax compliance for investors – things to consider

How do you determine where you need different levels of assistance?

- Jurisdictions that impose filing requirements on local investors vs. those that have tax withholding vs. others
- When in the process is this analysis completed?

Who is responsible for monitoring this compliance?

Where do you look to understand what you don't know?

How do you respond to requests to enter new markets?

What is your fiduciary responsibility?



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Roles and responsibilities

Key roles in international investing

Investor

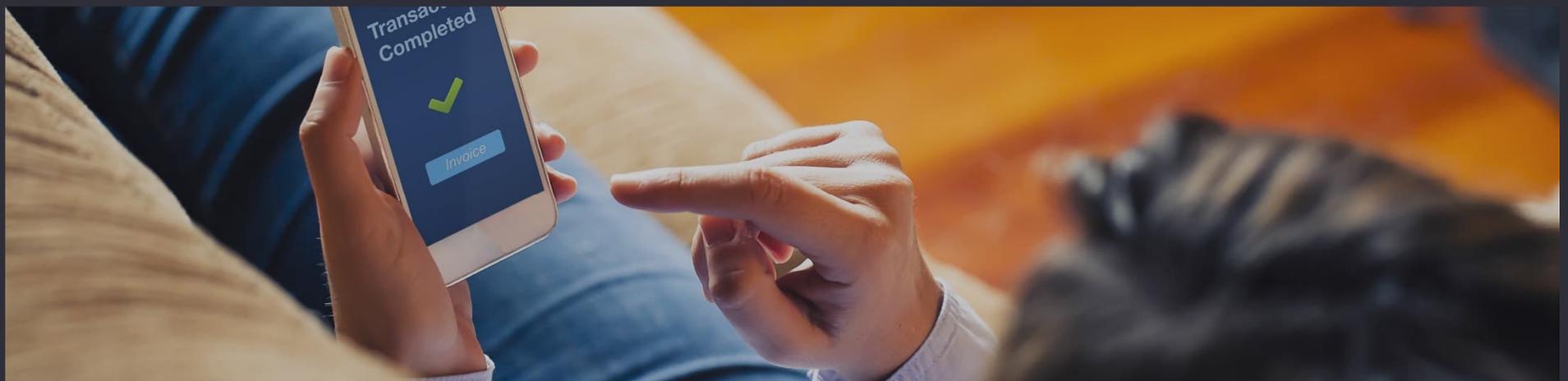
- Decision-making and management responsibility
- Authorization of payments and actions

Global custodian bank

- Engages local custodian bank
- Securities registration and account setup
- Facilitates trades and fund transfers

Tax service provider

- Tax registration
- Tax calculations and tax compliance
- Facilitates communication with tax authorities



3 Withholding and reclaim markets

Foreign withholding tax overview

Types of relief available:

- Relief at source
- Reclaims

Relief depends on the country of investment:

- Treaty, European Court of Justice (ECJ), domestic

Reclaim feasibility:

- Rate
- Entity type and beneficial owner
- Timing
- Cost
- Expectation of success
- Statute of limitations



Foreign withholding tax relief in the time of COVID-19

Reliance on paper-driven process for obtaining foreign withholding tax relief

Obtaining US Form 6166 (Certification of US Tax Residency) and IRS processing delays

Potential European Union withholding tax harmonization

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Compliance and representation markets

Considerations and methodology

Identify and document requirements by country:

- Market documentation
- Tax registration
- Tax filings

Define roles and responsibilities (internal and external):

- Updates
- Process for each filing

Implement global controls and monitoring



Nonresident filing requirements

Generally related to trading in public equities:

- Not exclusive

Specifics of requirements may vary significantly by market

Most common markets:

- Bangladesh, India, Pakistan, Romania, Taiwan

Honorable mentions:

- Germany, Ghana, Hong Kong, Nigeria, Peru



Questions

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