



Client Tax Reporting for Banks

Commoditization of a value adding service

In an international environment with an increasing focus on tax transparency, individual clients are expecting their banks to provide them with certain information enabling them to fulfill their tax compliance obligations, such as country specific client tax reports.

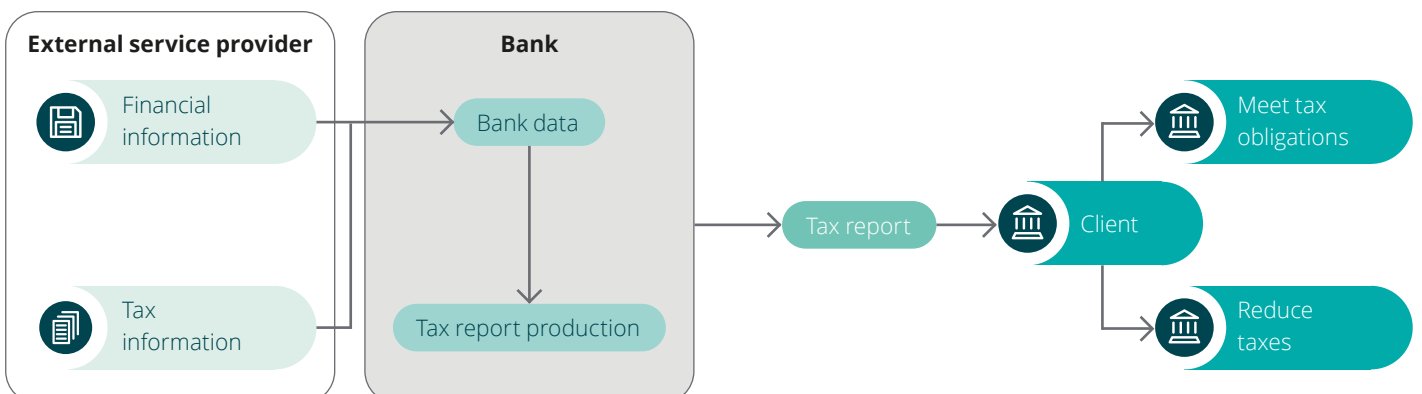
Country specific client tax reports, as opposed to generic client tax reports, include information on applicable withholding tax rates on investment income paid to banks' clients, allowing such clients to claim a reduction of withholding taxes on investment income and/or a tax credit for non-recoverable foreign taxes paid.

Providing such tailored information has become the standard in the private wealth management industry.

Why is it important?

Many investment countries apply withholding taxes on dividend or interest payments on securities issued by a company resident in that jurisdiction. 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 can often claim a tax credit in his or her domicile country for any withholding taxes suffered that are non-recoverable under a double tax treaty.

The enhancement of client tax reports with withholding tax information enables 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.



How can Deloitte help?

The inclusion of relevant withholding tax information in client tax reports can be complex because for each customer, the double tax treaties concluded between their domicile country and each of the investment countries must be considered and changes to double tax treaties must be monitored. Moreover, customers expect a high level of quality as they are relying on the content of the tax reports received to perform their tax compliance obligations.

In this context, Deloitte has developed withholding tax tables which include the non-recoverable withholding tax rates on investment income under all double tax treaties concluded by the specific domicile countries.

Deloitte offers the withholding tax tables through a subscription service providing access to:

- Withholding tax tables for the chosen customer domicile countries in Pdf, Excel and XML format as per leading client tax reporting software specifications;
- Annual update to the withholding tax tables;
- Accompanying notes providing additional information on applicable dividend and interest tax rates .

For further information on this subscription service please do not hesitate to contact us.

What additional services can we provide?

Besides the withholding tax table subscription service, Deloitte also provides 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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