



Withholding Tax Reclaims for U.S. Investors

Enhancing the performance of your investments

Dividend and interest payments on Swiss securities are typically subject to 35% Swiss withholding tax, which is deducted by the issuer of the security. Such withholding tax might be reclaimed based on a double tax treaty. Deloitte has extensive experience in assisting U.S. investment entities in successfully reclaiming Swiss withholding tax deducted on Swiss investment income.

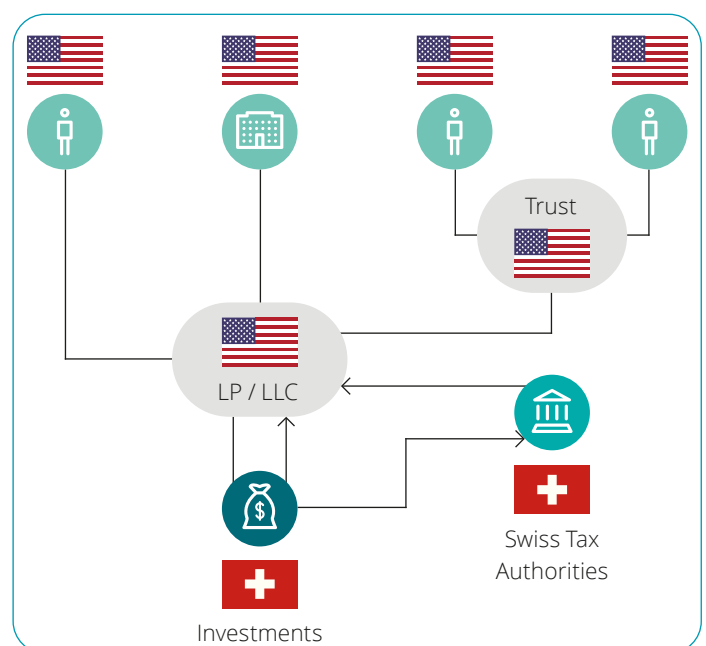
Why is it important?

Switzerland generally levies a 35% withholding tax on investment income from Swiss sources. The Swiss withholding tax is deducted by the debtor of the income and the investor generally only receives 65% of the gross income net after tax. U.S. resident investors may be entitled to a full or partial refund of the tax based on the double tax treaty between Switzerland and the United States.

However, Swiss withholding tax refunds are only granted by the Swiss tax authorities upon request and not automatically. As such, investors or – under certain circumstances – the investment entity must timely file a reclaim request with the Swiss tax authorities in which the investors' entitlement for the refund must be proven.

For U.S. investment entities with substantial holdings in Swiss securities the withholding tax reclaims typically materially exceed the filing costs and the net refunds received contribute to the overall return on investment.








Therefore, assessing withholding tax reclaim opportunities is a key factor for an investment entity in order to remain attractive, to enhance its performance and protect the rights of its investors to benefit under any applicable double tax treaty.



How can Deloitte help?

Swiss withholding tax reclaims can be quite complex if U.S. investors are invested via several layers of investment entities (for example, partnerships, trusts or LLCs) as the entitlement to reclaim must be substantiated separately for each ultimate beneficial owner.

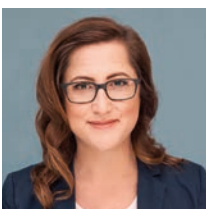
Deloitte has extensive experience in successfully reclaiming Swiss withholding taxes for a number of U.S. investors that are invested in Swiss securities via multi-layer investment structures. We offer a complete outsourcing solution for Swiss withholding tax reclaims on behalf of U.S. investors, including:

-  Review of the investment structure and evaluation of investors' entitlement to reclaim under a double tax treaty,
-  Performance of a cost-benefit analysis (reclaimable amount vs. filing costs),
-  Assistance in the documentation collection process,
-  Preparation of reclaim forms and all necessary enclosures,
-  Demonstrating that all conditions for a successful reclaim are met in a cover letter to the Swiss tax authorities,
-  Communication with Swiss tax authorities, and
-  Monitoring deadlines as well as signing and filing of reclaim requests.

What additional services can we provide?

Besides the outsourcing of the Swiss fund tax reporting obligations for traditional investment funds we are also producing individualised tax statements for Swiss resident investors in hedge funds and private equity funds.

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