



iPACS Withholding Tax

A suite of solutions for your global withholding tax needs



iPACS Withholding Tax

Global withholding taxes are becoming ever more complex and broad-ranging, with tax authorities worldwide bringing in new laws and increasing scrutiny around access to any potential reliefs. As the world emerges from the COVID-19 pandemic, it is conceivable that taxing authorities will seek to maximise ways to generate revenue from non-resident investors, particularly on cross-border payments.

The need to monitor and react to ongoing change can be operationally challenging, and failure to do so can have a real-time cash flow impact on funds. In order to minimise risk and maximise cash tax benefits, fund managers require a range of co-ordinated solutions to assist with WHT analysis, documentation and reclaims.

Expanding fund ranges, and portfolio investment capabilities will further add to the complexity that fund managers face. The ability to capture, analyse and process withholding tax data across fund ranges will be key to driving efficiencies in the WHT space.

iPACS WHT utilises technology driven solutions, overlaid with the tax technical input of our global network of tax professionals, to provide practical advice and solutions to fund managers, aiding in their interactions with global custodians and overseas tax authorities.



Julia Cloud

Global Investment
Management Leader

jucloud@deloitte.com



Gavin Bullock

Global Fund Tax
Reporting Leader

gbullock@deloitte.co.uk



Robert Guarnieri

Global Technology and
Transformation Leader

rguarnieri@deloitte.com

Global Withholding Tax

Withholding tax (“WHT”) is imposed on cross-border payment of dividends and interest by almost every country of investment, at varying rates. Funds should, in a number of instances, be able to achieve at least partial relief from these taxes through the application of domestic WHT exemptions or double tax treaties. However, the practical steps to achieve such reliefs differ from country to country and as a consequence, the ability to efficiently manage the WHT position of a global fund range can become very complex.

Historically, fund managers have placed a heavy reliance on custodians to ensure that the WHT position of their global fund range is optimized, however, given the increasing complexity of local WHT regimes, and the increasing level of transparency around beneficial ownership required by local taxing authorities, it is not always possible for the custodian to effectively intervene. Effective oversight of operational tax risk requires in-house tax teams to have a firm grasp of the WHT profile of each fund at any one time.

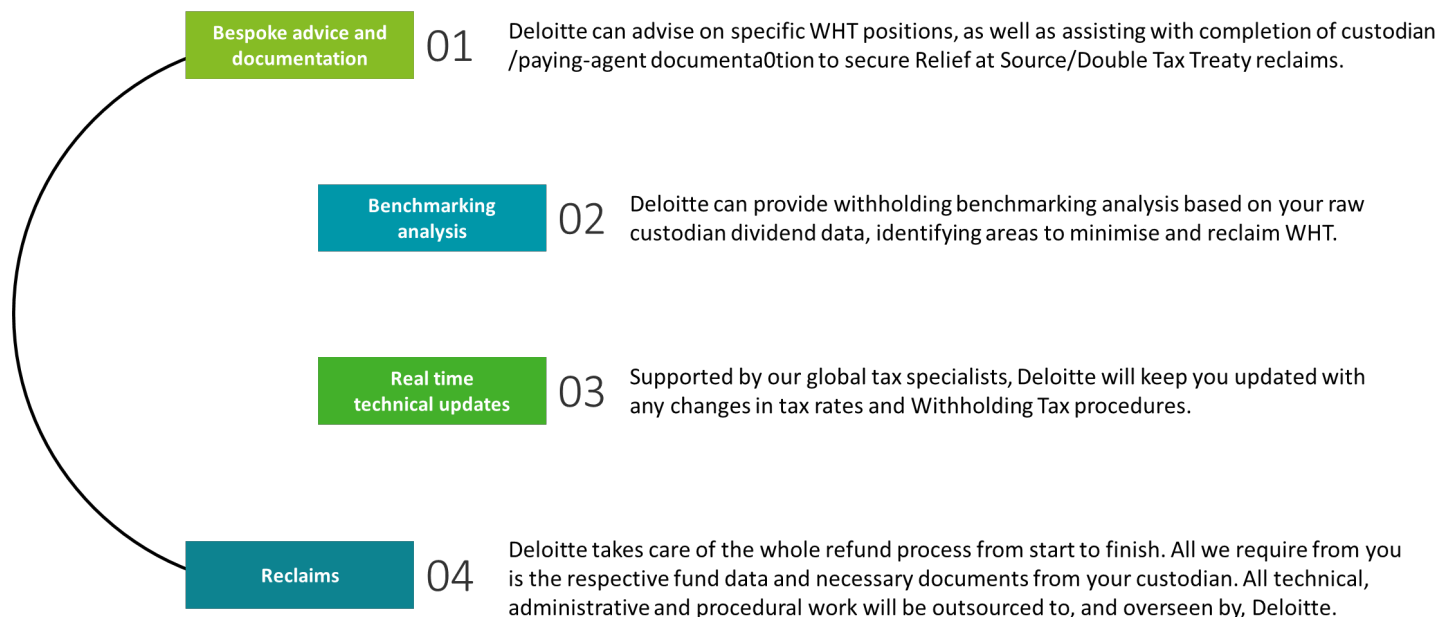
Reliance on largely manual, backward looking, spreadsheet-based processes, responding to new requirements and developments with pressures on headcount can be crippling. What’s more, deploying new tax technologies could call for significant time and resources in order to integrate those technologies with an organization’s existing IT systems.

Tax teams overseeing WHT need quick, effective solutions that enable them to:

- Identify gaps in WHT rates being achieved, and mitigation measures;
- Successfully reclaim overwithheld tax
- Stay up to date with market updates and trends

iPACS Withholding Tax is a suite of solutions that is able to effectively address each of these areas. Using proprietary technology and harnessing the power of our Global network of WHT specialists we can provide a service to efficiently manage the full suite of WHT issues faced by asset managers and servicers.

The iPACS Withholding Tax solutions include:





This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte Legal means the legal practices of DTTL member firms or their affiliates that provide legal services. In the UK, Deloitte Legal covers both legal advisory (regulated by the Solicitors Regulation Authority) and non SRA regulated legal consulting services. For legal, regulatory and other reasons, not all member firms provide legal services.

© 2021 Deloitte LLP. All rights reserved.