

Rapid Reclaim Analyzer and Recovery Service

Discover opportunities to reclaim
withholding tax



Building a better
working world

Rapid Reclaim Analyzer and Recovery Service

SECTION 1: INTRODUCTION

How much could a better understanding of withholding tax reclaims benefit your organization? Depending on the country of investment and other conditions, on average, between 5% and 35% of gross income may be recoverable through the filing of withholding tax reclaims.

EY teams developed the Rapid Reclaim Analyzer (RRA) to assist in identifying over- and underwithheld taxes in more than 100 countries. The RRA reviews tax withheld on securities and helps identify variances between the actual withholding tax rate applied and the expected rate based on investor domicile and entity type. The expected rate is determined in reference to double tax treaties and domestic laws, as well as Article 63 of the Treaty on the Functioning of the European Union (ECJ reclaims). In addition, the RRA assesses the feasibility to obtain the entitled excess withholding tax paid and the time left to file the reclaim (i.e., statute of limitations) and amount at stake by jurisdiction.

The dedicated team assists with identifying reclaimable withholding tax via a cost/benefit analysis. For viable claims, the team files and analyzes claims with the tax authorities until the reclaims are paid. The team also provides advice on achieving relief at source where applicable.



How EY can help



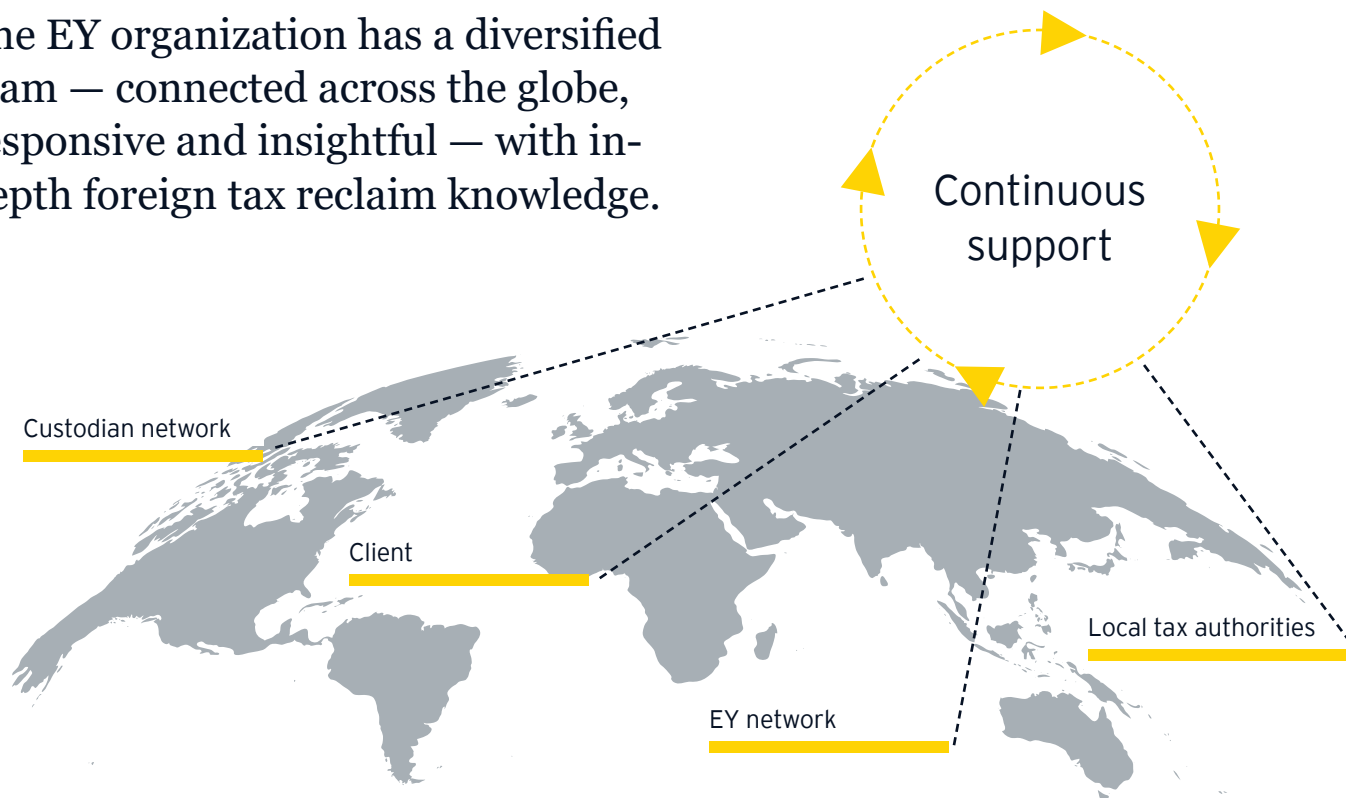
Ernst & Young LLP (EY US) is part of a highly integrated, globally focused team comprising professionals with industry knowledge in income payment operations and tax reclaims.

Whether you are a custodian or an asset manager, we have experience establishing and managing services to meet your needs. The engagement framework provides ongoing support to facilitate that all documentation is received, tax forms are completed correctly and reclaims are filed in advance of the statute of limitations.

In addition, the RRA dashboard acts as a command center, providing a broad and transparent view of the reclaim life cycle.

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The EY organization has a diversified team — connected across the globe, responsive and insightful — with in-depth foreign tax reclaim knowledge.



How it works

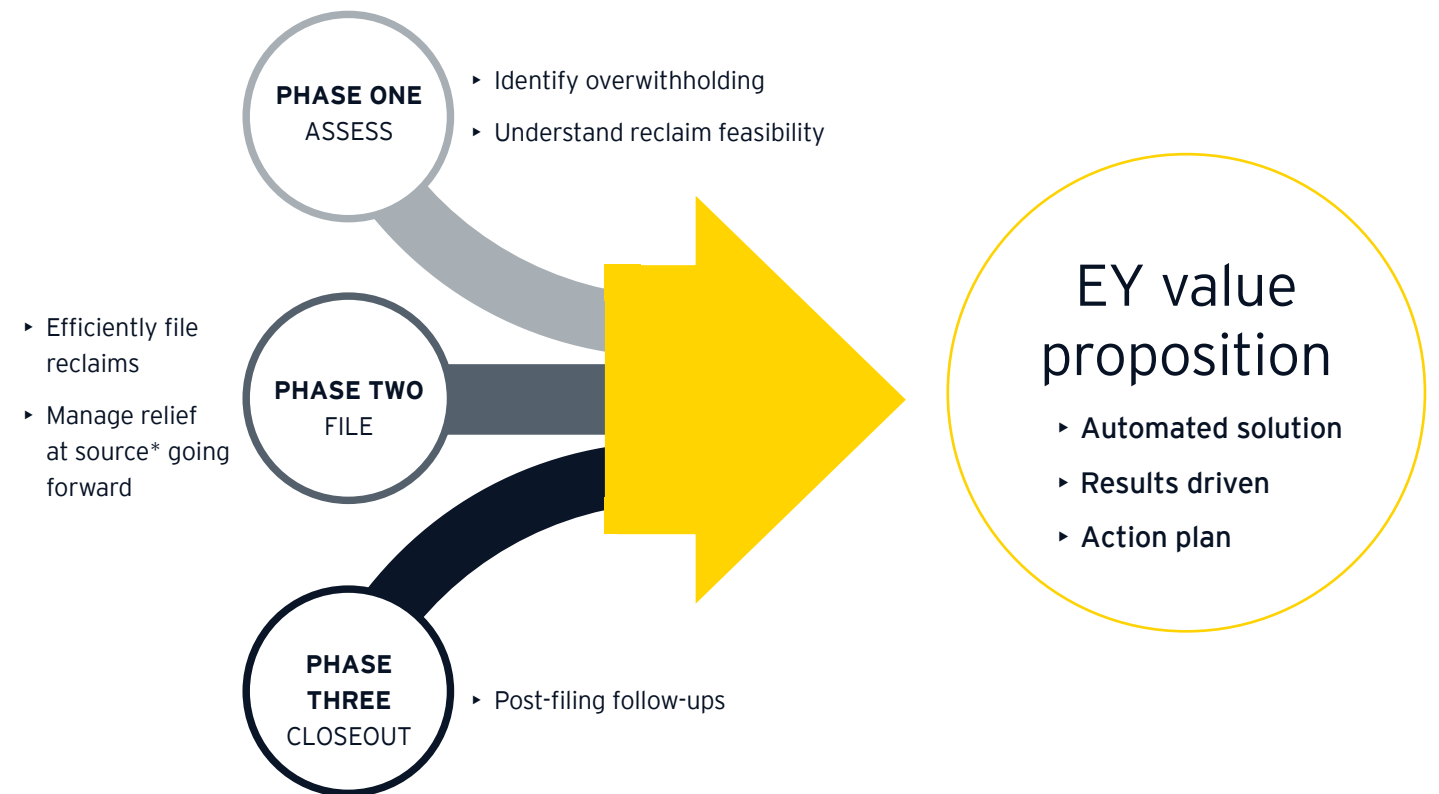
Using automation, the EY RRA quickly identifies income events that have been over- or underwithheld in more than 100 jurisdictions.

It offers a results-driven approach to assist with the identification and analysis of foreign withholding tax processes (i.e., reclaims/relief at source). Results can be cross-checked against foreign agent reports for completeness (as an add-on).

Features

- ▶ User-friendly dashboard
- ▶ Real-time updates
- ▶ Statute of limitations tracking
- ▶ Consideration of both treaty and domestic rates, as well as any potential exemption under European Court of Justice (ECJ) reclaims
- ▶ Assessment based on investor type and location
- ▶ Detailed discussions regarding next steps for each market (e.g., tax form process enhancements, cost/benefit analysis)

Reclaim process phases



*Where applicable.

RRA output and analytics

INPUT MODEL

Rapid Reclaim Analyzer
 Pay dates: 2020-2022
 Fund type: US Pension
 Thresholds: Yes Treaty (LOB): Yes

Provided by client									
Fund	ISIN	Instrument type	Security country of Incorporation	Pay Date	Gross Income (local)	Gross Income (USD)	Withheld income (local)	Withheld income (USD)	Withholding tax rate applied
Client Fund	DE000UNSE018	COMMON	Germany	05/25/2020	123,050.00	130,000.00	31,993.00	33,800.00	26.00%
Client Fund	ES0115056139	COMMON	Spain	05/08/2020	42,000.00	45,000.00	7,980.00	8,550.00	19.00%
Client Fund	JP3758190007	COMMON	Japan	03/26/2020	850,000.00	7,500.00	127,500.00	1,125.00	15.00%
Client Fund	JP3758190007	COMMON	Japan	09/28/2020	850,000.00	7,500.00	127,500.00	1,125.00	15.00%
Client Fund	NL0009538784	COMMON	Netherlands	07/06/2020	48,750.00	48,750.00	7,312.50	7,312.50	15.00%
Client Fund	NL0009538784	COMMON	Netherlands	10/05/2020	48,750.00	48,750.00	7,312.50	7,312.50	15.00%
Client Fund	NL0009538784	COMMON	Netherlands	01/05/2021	48,750.00	48,750.00	7,312.50	7,312.50	15.00%

OUTPUT DASHBOARD

The dashboard provides a comprehensive overview of the analysis. Key metrics include:

- Foreign Withholding Tax Analysis:** Total of \$115.2M.
- Potential Reclaims and Feasibility Status:** Total potential of \$11.8M, with \$9.6M in feasible reclaims.
- Top 3 countries by Feasible Potential Reclaims:** Germany (\$7.4M), Netherlands (\$2.1M), and Netherlands (\$1.9M).
- Time to Expiration:** Breakdown by months (1-12, 13-24, 25-36).
- Withholding Tax by Country and Reclaim Feasibility:** Bar chart showing tax amounts for various countries.
- Potential Reclaims by Reclaim Feasibility:** Donut chart showing the distribution of potential reclaims.
- # of Transactions by FairT Variance:** Donut chart showing the distribution of transactions.

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Automation reduces the time and risk of error associated with traditional Excel worksheet tracking to identify reclaim options.

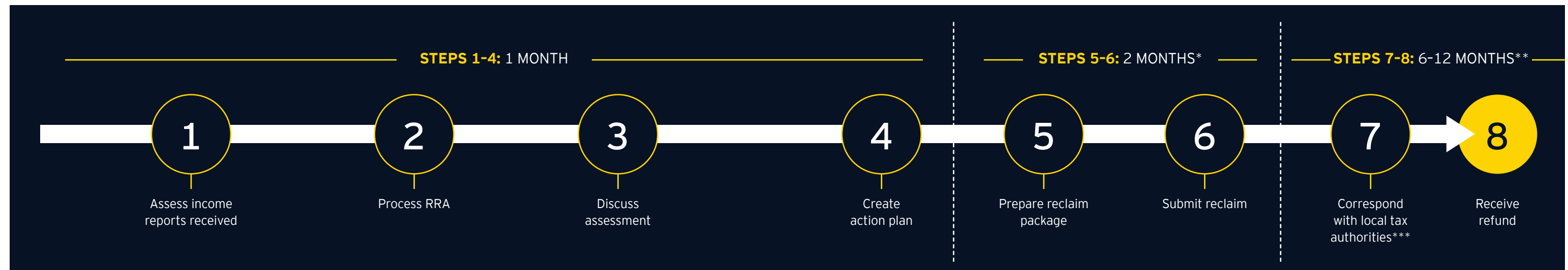
A man with a beard and glasses, wearing a dark blue polo shirt and tan trousers, is sitting in an office chair at a desk. He is wearing large black headphones and is looking down at a document he is holding in his hands. The office environment includes a bookshelf filled with binders and books in the background, a desk with a laptop, and a patterned rug on the floor.

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Reclaim process steps

Reclaim filing timeline example



1. Assess income reports received

- ▶ We obtain income reports either by coordinating with:
 - ▶ You directly
 - Or
 - ▶ Your custodian with you in copy for approval
- ▶ Data is mapped to security types (debt/equity) and beneficial owner type.

- ▶ We will provide the required data points from income reports:
 - ▶ Asset ID (e.g., SEDOL, CUSIP, ISIN) and security name
 - ▶ Income type (e.g., dividends/interest)
 - ▶ Country of incorporation
 - ▶ Pay date
 - ▶ Gross income (local and base currency)
 - ▶ Withheld income (local and base currency)
 - ▶ Withholding tax rate applied

2. Process RRA

- ▶ Through matching processes, the RRA:
 - ▶ Assesses the entity's treaty/domestic law/ECJ reclaim entitlement
 - ▶ Identifies over-/underwithheld income payments
 - ▶ Quantifies potential reclaim amount and rate variance
- ▶ The report includes comprehensive analytics on:
 - ▶ Amount at stake by country and per reclaim opportunity type
 - ▶ Amount at stake by year
 - ▶ Red, amber, green (RAG) status reclaim feasibility
- ▶ Time left to file reclaim

3. Discuss assessment

- ▶ We review RRA's output and discuss the following with you:
 - ▶ Countries where the benefit outweighs the cost to file a reclaim given:
 - ▶ Amount at stake
 - ▶ Feasibility
 - ▶ Time left to file
- ▶ We provide guidance on relief at source (RAS), such as:
 - ▶ Submitting RAS documentation prior to income event
 - ▶ Obtaining certificate of residence efficiently

- ▶ Obtaining a ruling or applying for country-specific certificates (e.g., Germany) for an entitled rate at source

4. Create action plan

- ▶ We create a triage plan for reclaim filings by country, type and claimant, including:
 - ▶ Expected length of reclaim period
 - ▶ Whether interest is applicable on reclaims
 - ▶ Approach of local tax authorities

5. Prepare reclaim package

- ▶ We will work with third parties to obtain necessary documentation, such as:
 - ▶ Credit vouchers (e.g., proof of dividend or interest income payment)
 - ▶ Certificates of tax residence
- ▶ We will leverage our extensive foreign network to prepare reclaims efficiently, taking into consideration practical advice from the foreign network, which has experience working with local tax authorities.

6. Submit reclaim

- ▶ We will leverage the foreign network to use an efficient method of submission (e.g., some markets require paper submission and some markets have electronic filings).
- ▶ We will document the submission date and the date of acknowledgment by the local tax authorities.

7. Correspond with local tax authorities

- ▶ We address any questions or additional documentation requests from local tax authorities.
- ▶ Our expansive network can help manage applications in multiple languages.

8. Receive refund

- ▶ We will support you in tracking payment if a reclaim decision is issued.

*Contingent upon receipt of required documentation.

**Average length of reclaim depends on market.

***Where required.

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The EY team offers insight into reclaim filings across multiple jurisdictions.



SECTION 5

What EY teams offer

Deep market practice knowledge

- ▶ The team has extensive experience with withholding tax analysis relief-at-source forms, tax rulings and reclaim applications.
- ▶ The diverse team includes team members who have experience as global custodians and asset managers.
- ▶ The team understands practical issues across markets globally.

Global EY network

- ▶ More than 5,000 asset-management-dedicated tax professionals in 60 cities globally
- ▶ Familiar with beneficial owner types, including partnerships, withholding tax documentation, reclaim processes and local tax authorities

Innovative, custom technology

- ▶ The EY Global Withholding Tax Reporter (GWTR) and RRA are well-established withholding tax industry tools.
- ▶ We assist some of the largest asset managers and global custodians with respect to foreign withholding tax relief via automated solutions or custom reclaim compliance or advisory assistance.

Practical insight

DIGITALIZED RAS/RECLAIM FORMS

This should be the details of the person who signs the form (i.e., if U.S. Bank if acting on behalf of a client, then U.S. Bank details go here).

This should be the details of the claimant, their full legal name, tax ID and address.

Complete (A) with the number and date of withholding tax slips issued by withholding tax agent.

Complete (B) for the amount of tax withheld in local currency.

(B) should be the amount of tax to be reclaimed.

This should be the details of the withholding tax agent, including their local country tax ID.

Requesting Form 6166s

Reviewing/ verifying tax vouchers

To reclaim procedures

Obtaining (specific) powers of attorney

The team



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Danielle is a member of the International Tax Services practice within the Financial Services Organization and has been with Ernst & Young LLP since 1997. Her experience includes a broad range of sectors in the financial services industry, including insurance, banks, broker-dealers and investment funds.

Danielle leads the EY Global Tax Investing Services (GTIS), which provides the GWTR, RRA and Recovery Service, Rapid Security Analyzer (RSA), PFIC Analyzer and Corporate Actions Tax Analyzer (CATA). In addition, Danielle leads health checks for global financial institutions and funds, helping them determine and comply with their obligations in the global withholding and information reporting space.

Danielle has 24 years of experience in the taxation of global financial services institutions. She is a member of the United States Supreme Court Bar and has spoken at many international and domestic tax conferences.

She received a BA from the University of Cincinnati and a JD from Cleveland-Marshall College of Law.



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Sarah is a member of the International Tax Services practice within the Financial Services Organization of Ernst & Young LLP. She relocated from Ernst & Young Société d'Avocats (Paris) in July 2006 and has more than 25 years of experience in the taxation of multinational financial services enterprises.

Sarah advises US and Canadian financial institutions in connection with their French investments and/or operations. Recent projects include assisting with the filing of withholding tax reclaims based on European Union (EU) principles, double tax treaties and domestic law provisions, as well as obtaining tax rulings in different markets.

Sarah has spoken at many international and tax conferences and has participated in the publication of several articles.



Stephanie Tanguay
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Stephanie is a managing editor of the GWTR with Ernst & Young LLP. Stephanie's responsibilities include managing the core operations of the GWTR, ensuring the team updates the GWTR with the latest information and assisting clients with tax questions. She also assists with the RSA tool.

Stephanie has 21 years of industry experience in foreign withholding tax issues, including withholding tax rates on portfolio income and tax reclamation.

Prior to joining the GWTR team, Stephanie was an assistant vice president at Brown Brothers Harriman. Her primary role was assisting clients with foreign withholding and tax reclamation issues. She received a BSBA from Merrimack College.

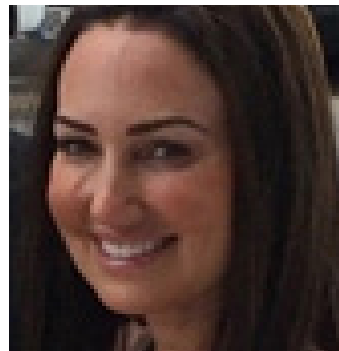


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Kelly is a member of the International Tax Services practice within the Financial Services Organization and has been with Ernst & Young LLP since 2007. She is an editor of the GWTR. Her responsibilities include managing the daily operations of the GWTR and keeping the tool updated with the latest information. In addition, she assists clients with their withholding tax inquiries and various withholding tax projects.

Kelly more than over 12 years of industry experience, including working within the Asset Management Group of the EY US Financial Services Organization from 2007 to 2013. Kelly assisted mutual fund clients with passive foreign investment companies, real estate investment trusts and foreign capital gains issues.

Kelly received a BBA from Loyola University Maryland and an MBA from the State University of New York at Buffalo. She is licensed as a CPA in the states of New Jersey and New York.



Michelle Wuest
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In addition to her role as an editor of the GWTR with Ernst & Young LLP, Michelle collaborates with clients on ancillary tax withholding projects tailored to specific requests and addresses updates to their internal processes.

Prior to joining the GWTR team in July 2016, Michelle had been a vice president at PIMCO, LLC since 2008. Her primary role was assisting the trade floor in understanding the portfolio impact related to withholding and capital gains tax.

Since 1998, Michelle has served in roles to follow and address compliance and other tax issues. She received a BA in Business Administration with a concentration in Accounting from California State University, Fullerton.

Michelle is licensed as a CPA in the state of California.



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Aine is a senior manager in the International Tax and Transaction Services practice at Ernst & Young LLP. As a member of the EY Global Tax Investing Services (GTIS) group, she helps manage some of the firm's automated global tax tools, including the RRA and GWTR. In addition, she assists with the foreign tax form completion service and provides foreign withholding tax and reclaim service assistance globally.

Prior to this role, Aine held several positions across EY global tax teams, including working on the Global International Tax Desk Network and the Global VAT team.

Aine has a Bachelor of Business from the University of Limerick. She is a member of Chartered Accountants Ireland and the Irish Tax Institute.



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Diana is a member of the International Tax Services practice within the Financial Services Organization of Ernst & Young LLP and an editor of the GWTR. Her responsibilities include addressing client queries on the GWTR tool, supporting the operations of the global tax division by confirming clients have the most up-to-date information and assisting with tax reclaim procedures.

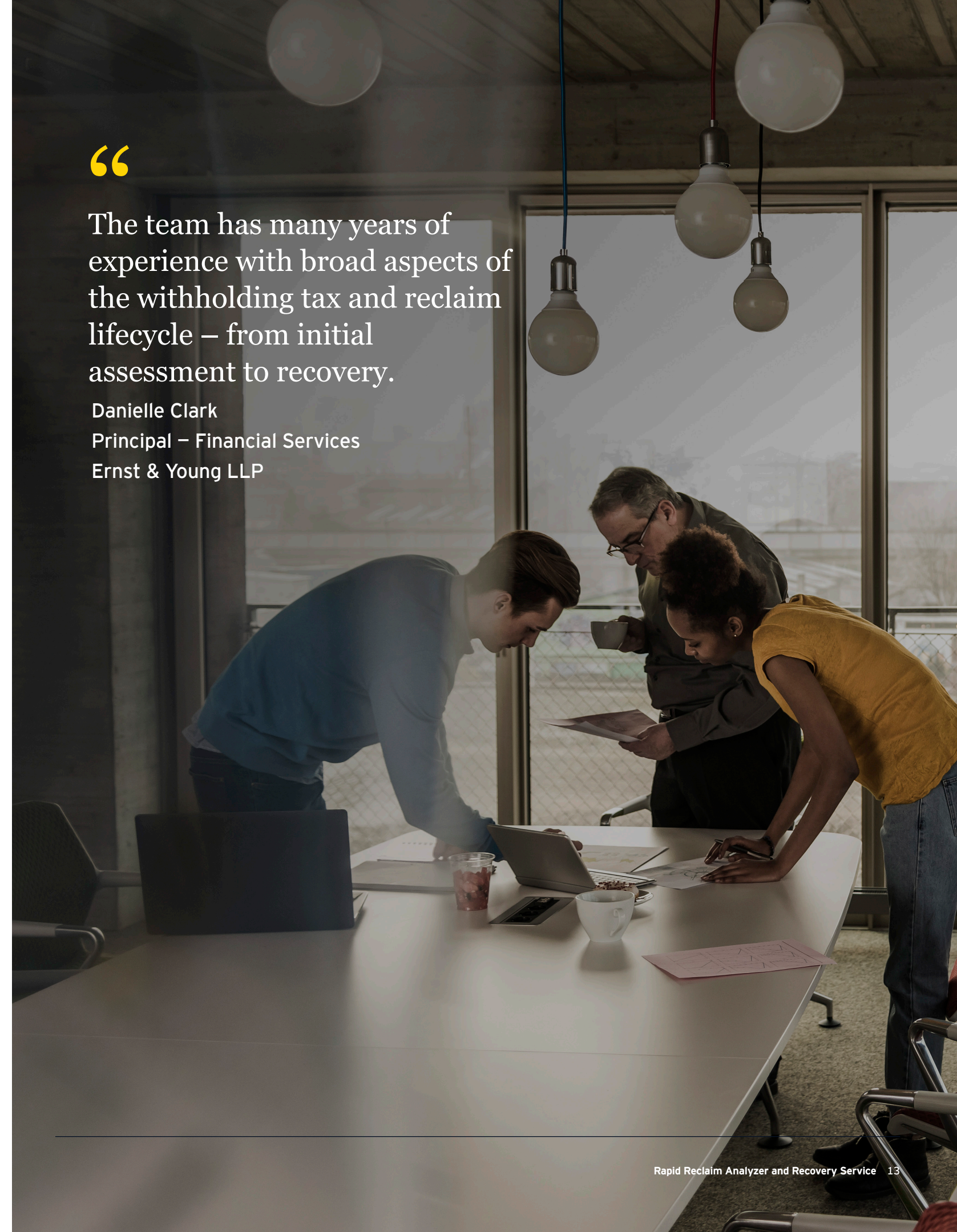
Prior to joining the GWTR team, Diana was a senior manager at GlobeTax, where she worked for six years. Her primary role was facilitating and managing the tax relief process on behalf of clients, including streamlining internal processes.

She received a BA in Financial Economics from Lehman College.

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The team has many years of experience with broad aspects of the withholding tax and reclaim lifecycle – from initial assessment to recovery.

Danielle Clark
Principal – Financial Services
Ernst & Young LLP



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