Tax and international investing
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Tax and international investing

1. Overview of tax for international investing
2. Roles and responsibilities
3. Withholding and reclaim markets
4. Compliance/representation markets
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?
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
Withholding and reclaim markets
Foreign withholding tax overview

Types of relief available:

- Relief at source
- Reclams

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
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

Lisa Parnell
Ernst & Young LLP Dallas office
lisa.parnell@ey.com
+1 817 348 6004
www.ey.com
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