

**KELER's Announcement – No. 11/2018**  
Tax services on international markets

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**Liability**

Data provided in this depository announcement are for information purposes only and are not comprehensive. The account holder is liable to comply with restrictions listed and to obtain information on the valid settlement rules of individual markets. KELER takes no liability for eventual damage, penalties for failing to meet this obligation. KELER also excludes its liability for the information included in the document, especially on the adequacy and adaptability of taxes and applicable tax rates. Nothing in this document constitutes tax advice. Should the account holder not know the tax rules of the particular market or the terms of the tax declaration and payment, the content of this depository announcement does not substitute the necessary tax advice.

During the communication between KELER and its custodian, in case an instruction, that has to be forwarded or received by any parties, does not reach the receiving party due to a technical problem on any parties' side, KELER limits its liability to the extent possible by law in terms of the occurred delays or failure in executions. This limitation does not relate to the liability on breach of contract caused intentionally, or if it is caused by an event impair human life or health.

**Information**

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## **United States of America**

In line with the agreement to avoid double taxation in force between Hungary and the United States of America the preferential tax rate applicable to yield payments, subject to the availability of the required documents, for Hungarian tax resident private and legal persons is 15% for dividend income, 0% for interest income.

In line with the requirements of its sub-custodian and American local market service provider, KELER offers securities yield payment covered by the US tax regulation at preferential tax rates to the account holder that make a statement on their tax residence and at the same time meet the requirement to register in dedicated KELER sub-accounts the US securities holdings subject to preferential tax treatment.

More information about the rules of opening a dedicated sub-account for preferential US tax rate and the conditions of the account operations are detailed in the Depository Announcement - No. 9/2018 Settlement of International Securities (cross-border).

The appropriate [W-8BEN form](#), or [W-8BEN-E form](#) is to be completed for each final beneficiary wishing to take advantage of the preferential tax rates. Additionally, account holders with intermediary status in the settlement chain, i.e. holding client securities in the dedicated sub-accounts, are required to complete the [W-8IMY form](#) also. The account holder is responsible to make sure that the dedicated account related documents comply with the content of the forms at all times and on an ongoing basis.

## Poland

KELER undertakes to collect the necessary tax documentations entitling to the application of the relevant double taxation treaty (DTT).

All the documents listed below require official notarisation and certification via an apostille or legalisation, as applicable. The tax documents are deemed effective and valid for a period of consecutive months from the date of the signing of the declaration, or until notification of its cancellation. The Taxpayer shall be obliged to inform KELER of any changes of circumstance confirmed in the submitted tax declaration taking place in the 12-month period from its initial signing.

KELER has to comply with the Polish depository rules on account segregation according to which the securities positions of legal and natural persons have to be held separated.

For natural persons to be able to hold positions an omnibus segregated, dedicated sub-account has to be opened. Securities of legal entities can be held on the account holder's existing omnibus and client sub-accounts, too.

More information about the rules of opening a dedicated sub-account for Polish natural persons and the conditions of the account operations are detailed in the Depository Announcement - No. 9/2018 Settlement of International Securities (cross-border).

### 1. Equities – Tax Processing

For undisclosed Taxpayers, the standard tax rate of 19% is applied for both CIT Taxpayers (legal entities) and PIT Taxpayers (natural persons).

The applicable DTT tax rate is 10% for Hungarian residents.

#### 1.1. Relief at Source – RAS

1.1.1. [Tax documentations](#) need to be submitted by Taxpayers seeking a tax exemption:

- 1) [U101](#) - Tax Declaration - Foreign Investment Fund (CIT) - all securities (CIT)
- [U102](#) - Tax Declaration - Foreign Pension Fund (CIT) - all securities (CIT)
- [U106](#) - Tax Declaration - Qualified holders - equities (CIT)

It will also be possible to submit another specific Taxpayer declaration, i.e. of another legal entity than mentioned above, confirming its right to a tax exemption. This declaration should define the status of the Taxpayer and the legal basis for the exemption from income tax.

- 2) Beneficial Owner (BO) Disclosure (in an electronic way)
- 3) Certificate of Residence (CoTR)

1.1.2. Tax declarations need to be submitted to the application of the relevant double taxation treaty (DTT):

- 1) [U107](#) - Tax Declaration - CIT and PIT Taxpayers - relates to payments of dividends and other cash distributions

2) Beneficial Owner (BO) Disclosure (in an electronic way)

3) Certificate of Residence (CoTR)

Deadline for submitting tax documentations: Payment Date - 5 working days (10:00 am CET)

Deadline for submitting BO Disclosure: Payment Date - 5 working days (3:00 pm CET)

## 1.2. Tax Quick Refund for Equities

As part of the Quick Refund procedure, the Subcustodian of KELER enables tax withheld as part of the Relief at Source procedure on a cash payment to be refunded, in the period after the tax on derived income has been withheld and before the date of the remittance of the tax to the tax office.

The list of the documents and instructions are the same as for processing of Relief at Source.

Deadline for submitting tax documentations: The last working day of the month of the payment (10:00 am CET)

Deadline for submitting BO Disclosure: The last working day of the month of the payment (03:00 pm CET)

The payment resulting from the Quick Refund process is made exclusively in PLN, regardless of the currency in which the payment was made.

## 2. Debt Securities – Tax Processing

For undisclosed Taxpayers, the standard tax rate of 19% is applied for PIT Taxpayers and 20% for CIT Taxpayers. The applicable DTT tax rate is 10% for Hungarian residents.

### 2.1. Relief at Source – RAS

[U100](#) - Taxpayer's Power of Attorney provided to KELER to forward information on the amount of expenses incurred by the Taxpayer to acquire securities - one-time PoA, effective and valid until notification of its cancellation.

#### 2.1.1. Tax declaration forms submitted by Taxpayers seeking a tax exemption:

1) [U101](#) - Tax Declaration - Foreign Investment Fund - all securities (CIT)

[U102](#) - Tax Declaration - Foreign Pension Fund - all securities (CIT)

[U103](#) - Tax Declaration - Qualified holder - debt securities (CIT)

[U104](#) - Tax Declaration - Bank - debt securities (DTT: AT, BE, FI, NL, IE, QA, DE, NO, GB)

It will also be possible to submit another specific Taxpayer declaration, i.e. of another legal entity than mentioned above, confirming its right to a tax exemption. This declaration should define the status of the Taxpayer and the legal basis for the exemption from income tax.

2) Beneficial Owner (BO) Disclosure (in an electronic way)

3) Certificate of Tax Residence (CoTR)

### 2.1.2. Tax declarations need to be submitted to the application of the relevant double taxation treaty (DTT):

- 1) Tax Declaration - [U105](#)
- 2) Beneficial Owner (BO) Disclosure with purchase price included (in an electronic way)
- 3) Certificate of Tax Residence (CoTR)

Deadline for submitting tax documentations and BO Disclosure:

Treasury Bonds: Payment Date - 3 working days (10:00 am CET)

Other debt securities: Payment Date - 5 working days (10:00 am CET)

## 2.2. Tax Quick Refund for debt securities

As part of the Quick Refund procedure, the Subcustodian of KELER enables tax withheld as part of the Relief at Source procedure on a cash payment to be refunded, in the period after the tax on derived income has been withheld and before the date of the remittance of the tax to the tax office.

The list of the documents and instructions are the same as for processing of Relief at Source.

Deadline for submitting tax documentations and BO Disclosure: The last working day of the month of the payment (10:00 am CET)

The payment resulting from the QR process is made exclusively in PLN, regardless of the currency in which the payment was made.

## 2.3. Covered Mortgage Bonds

From 01.01.2016, non-Polish residents - both CIT Taxpayers (legal entities) and PIT Taxpayers (natural persons) are exempt from taxation at source providing that the below tax documentations are available:

- 1) Beneficial Owner (BO) Disclosure (in an electronic way)
- 2) Certificate of Tax Residence (CoTR)

Deadline for submitting tax documentations and BO Disclosure:

For Relief at Source (RAS): Payment Date - 5 working days (10:00 am CET)

For Quick Tax Refund: The last working day of the month of the payment (10:00 am CET)

## 3. Regular Tax Reclaim

KELER's service covers only the Relief at Source and the Quick Tax Refund for the time being. The tax refund service shall be implemented at a later stage, however KELER is willing to help its Clients to collect the necessary tax forms (ZPP-1 / IFT-1 / IFT-2).

#### **4. Capital Gains Tax**

The capital gains tax is 19% in Poland. However it is the investor's responsibility to calculate and pay the tax directly to the tax authorities.

#### **5. Tax Service Fee**

The fee applied for the tax service executed on the Polish market shall be subject of a specific agreement between the Parties. For further details, please directly contact your Account Manager.

#### **6. Disclaimer**

Data provided in this document are for information purposes only, KELER is not responsible for its completeness and accuracy, and the document itself can not be considered as a tax advise.

Should you need any further information, please do not hesitate to contact us at [corpaction@keler.hu](mailto:corpaction@keler.hu).

KELER Ltd.