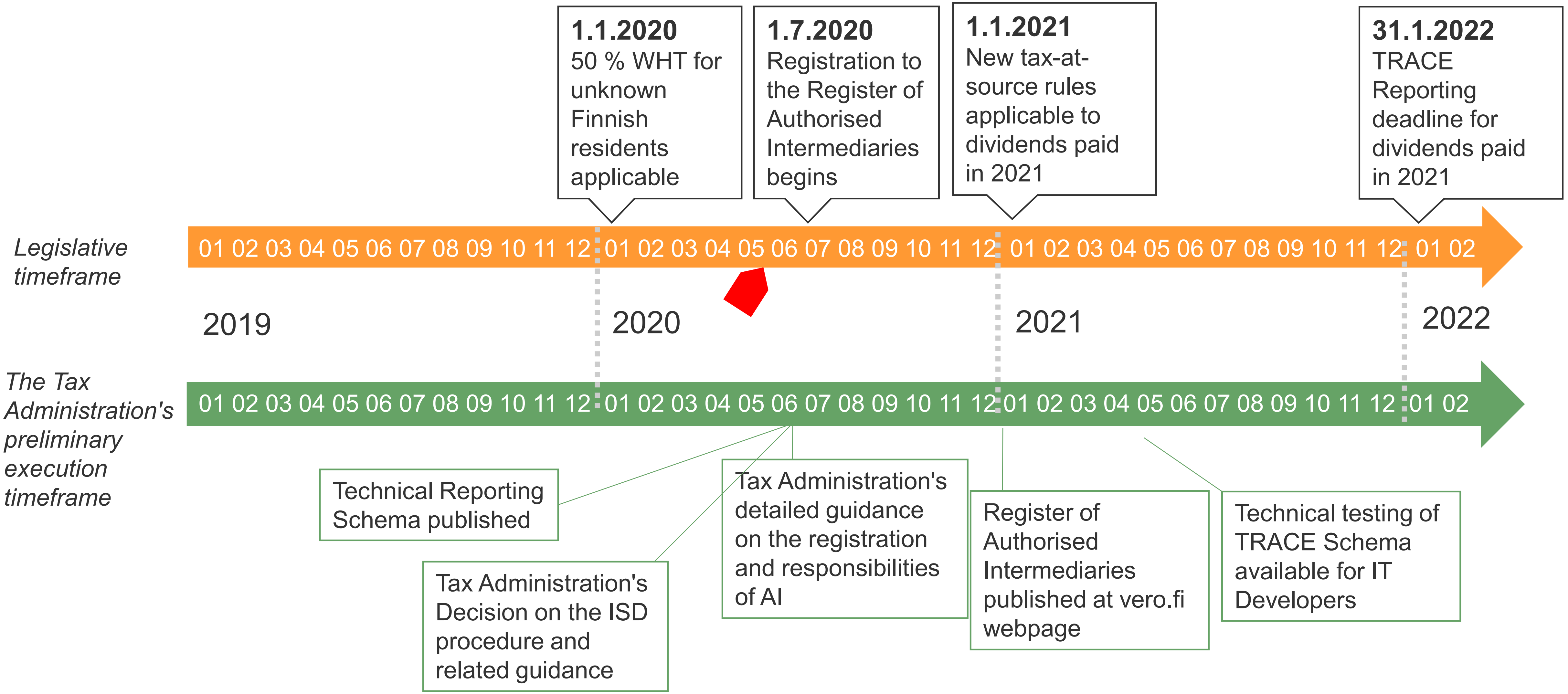
Register of Authorised Intermediaries and digitalisation of tax-at-source applications

Webinar, 13th of May 2020

Agenda

- Rights and responsibilities of an authorised intermediary
- Registration into the Register of Authorised Intermediaries
- Digitalisation of tax-at-source applications and updates to existing paper forms
- More information and contact

Where are we now?



Rights and responsibilities of an Authorised Intermediary

Mari Säteri

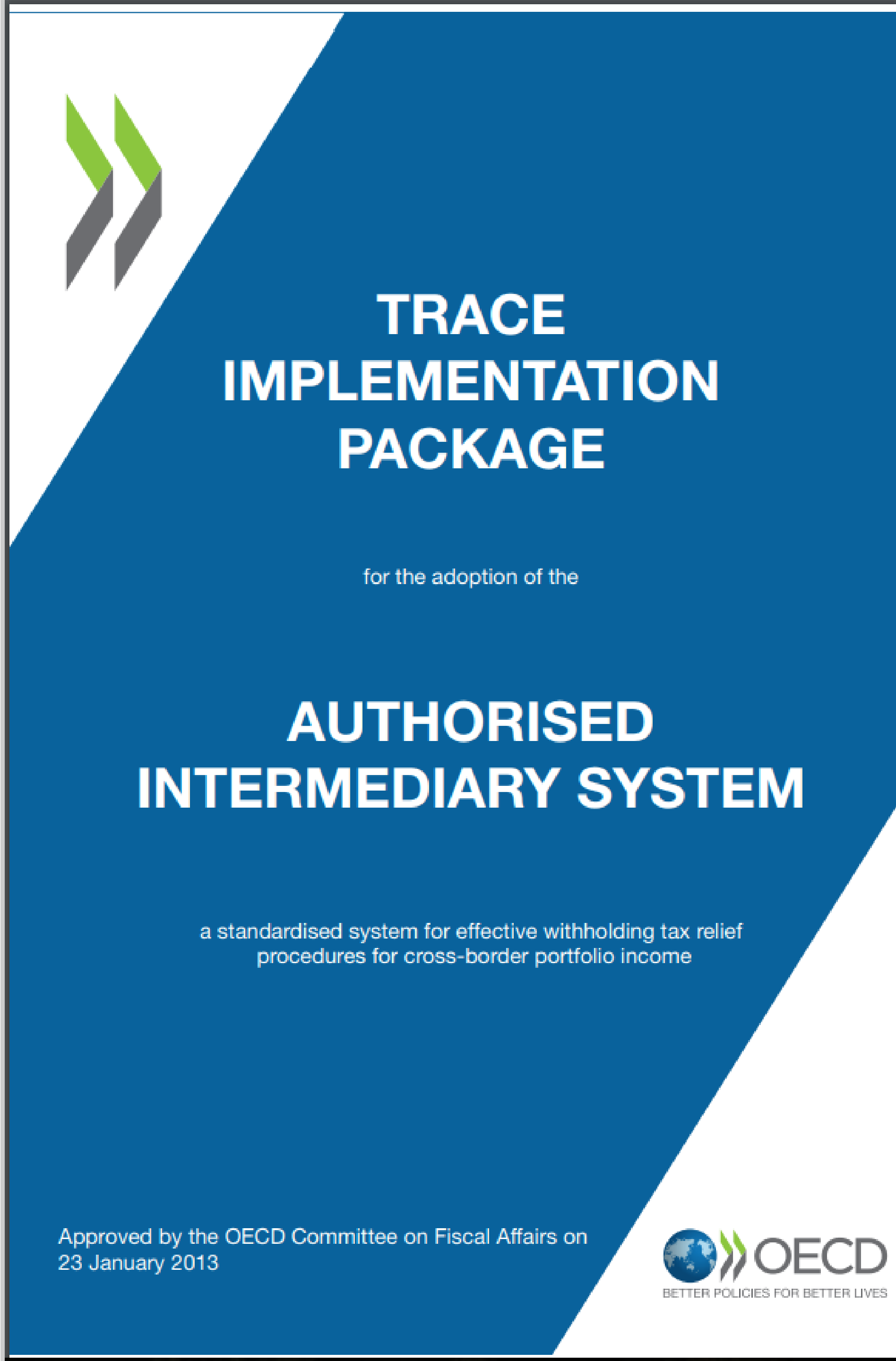
Authorised Intermediary's responsibilities and liabilities

Upcoming guidance

- Tax Administration has send draft guidance for hearing (in Finnish)
- English version will be sent by end of week 21

Implementing OECD's TRACE model

- TRACE implementation package (IP) lays the foundation to the implementation
- Finland implements all key elements of TRACE:
  - Authorised Intermediaries (AIs) procedure
  - Investor Self-Declaration procedure (ISD)
  - Reporting with TRACE XML Schema
- Also mentioned in the TRACE IP
  - Independent reviewer
    - Not required nor regulated in tax legislation
    - AI may use


TRACE IMPLEMENTATION PACKAGE

for the adoption of the

AUTHORISED INTERMEDIARY SYSTEM

a standardised system for effective withholding tax relief procedures for cross-border portfolio income

Approved by the OECD Committee on Fiscal Affairs on 23 January 2013

OECD
BETTER POLICIES FOR BETTER LIVES

Authorised Intermediary (AI)

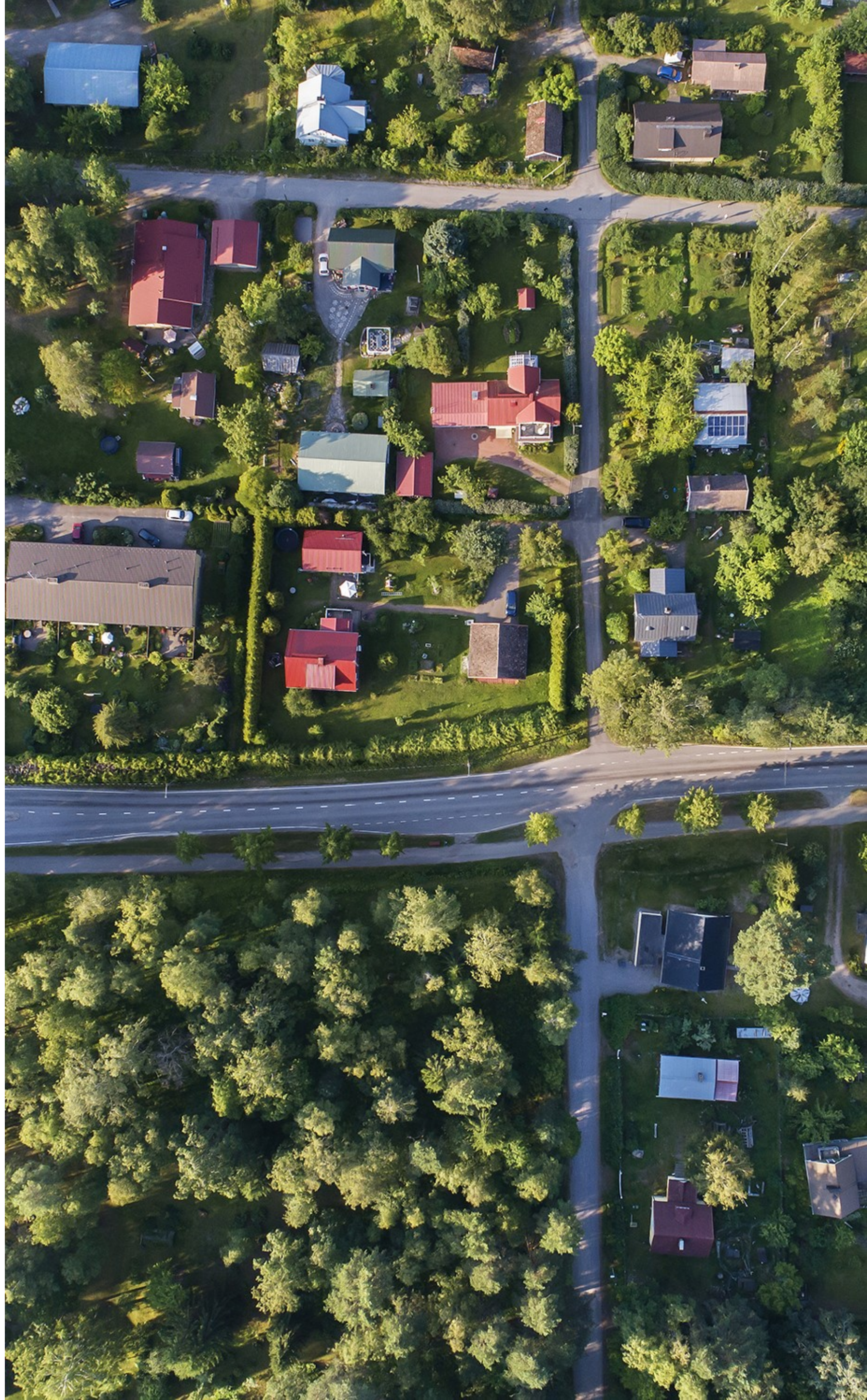
- The status of AI is received through registration to the Tax Administration's Register of Authorised Intermediaries
  - "Registered Custodian"
- Comes into force 1 January 2021
- The new system recognizes the role of an AI as stated in the TRACE implementation package
- The role is optional
- The Issuer (payer) is still the withholding agent

Benefits related to the responsibilities

- Option of granting treaty benefits at source
- Adjustments during the year of payment
- Direct reporting to the Tax Administration
- Guidance directly from the Tax Administration
- By following the guidance, the Authorised Intermediary will get legal certainty

Responsibilities (if the treaty benefits are granted at source)

- To investigate and identify the beneficial owner
- To determine the country of residence for tax purposes
  - Tax-at-source card, certificate of residence (COR)
- To verify the applicable tax treaty
  - ISD Procedure (TRACE)
    - How the beneficiaries have to be identified and documented
    - Tax Administration's guidance



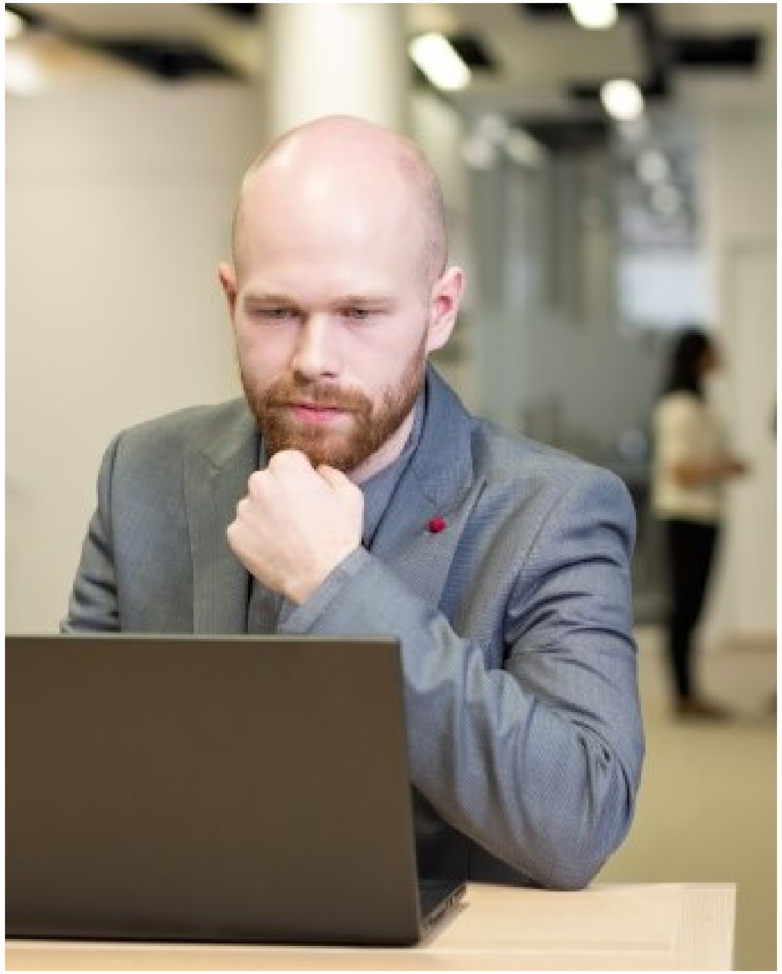
Reporting responsibilities

- Reporting with TRACE XML Schema
- Give TRACE report on annual basis by the end of January (first reports 31 January 2022)
- Dividend beneficiary information reported directly to the Finnish Tax Administration

Responsibilities

- Provide further information regarding the dividends paid through the AI when requested by the Finnish Tax Administration
- Give information when requested by the Tax Administration for the purposes of auditing
- The issuer has the right to receive the necessary information that they need in order to meet their tax obligations as withholding agent

AI's tax liability



- Tax liability for under-withholding of tax
  - AI has tax liability for beneficial owners which it
    - has reported with lower tax rates or
    - has otherwise taken responsibility
- AI closest to the investor has the tax liability
- De-registration doesn't release from tax liability

AI's tax liability

- AI takes tax liability by notifying another AI or the issuer at the time of the dividend payment or later during the payment year
- AI has tax liability, if the issuer or another AI proves AI has taken the responsibility

Release from tax liability

- The AI must prove, that
  - The liability has been transferred to another AI
    - AI has to ensure that the intermediary is registered in the register of Authorised Intermediaries
  - Its responsibilities to take reasonable measures are fulfilled and did not know or should have known that the dividend beneficiary provided false information
  - The error was not due to its own negligence

Corrections

- During the payment year:
  - "Quick refund"
  - Self correction made by the Issuer

- After the payment year:
  - Over withholding
    - Refund procedure
    - AI may claim on behalf of the dividend beneficiary (acting as agent/representative)
  - Under withholding
    - AI must correct

Dividend beneficiary's tax liability

- Beneficiary has to provide a valid ISD and inform if there are any change of circumstances
- Tax liability is transferred from the AI to the dividend beneficiary
  - If the AI proves that it has taken reasonable measures
  - And the error is caused by the dividend beneficiary alone
- AI must inform Tax Administration or correct the error on behalf of the dividend beneficiary
- AI must notify Tax Administration if the beneficiary has acted fraudulently

Registration into the Register of Authorised Intermediaries

Ulrika Harjunpää

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Register of Authorised Intermediaries

- Registration begins on 1 July 2020
- Registration comes into force on 1 January 2021
- The register will be published on tax.fi 1 January 2021
- The current Custodian Register ends 31 December 2020

Requirements for registration

- The intermediary applying for registration:
  1. Has a permit for custodian activity
  2. Is resident in the European Union or in a country that has signed a tax treaty with Finland for the avoidance of double taxation
  3. Is obligated to follow exchange of information rules (e.g. CRS/DAC2/FATCA) or anti-money laundering (AML) and know your customer (KYC) rules
  4. Does not have taxational neglects

Applying for registration

- Application forms
  - Application Register of authorised intermediaries (6920)
  - Notification of Changes and Termination (6921)
- The application can be send by post or by secured email
- Application forms and filling instructions will be published 1 July 2020
  - tax.fi/financialsector
  - tax.fi/forms

Attachements to the application

- A copy of permit for custodian activity
- A copy of trade register extract or similar certificate of registration
  - Documents should contain information about applicant's name, domicile, line of business, accounting period and the names of the persons entitled to sign for the company

Head office and branches

- Head office and branches can register separately as authorised intermediaries
- Head office and branches get their own Finnish business IDs
- Taxational neglect of the head office affects the branch's right to be in the register and vice versa

Registration process

- Authorised Intermediaries are given Finnish Business ID when entered in the register
- Registration begins and ends at the earliest on the date of decision
- Registration is valid until further notice

De-registration

- Registration status is checked regularly
- An intermediary is removed from the register, if:
  - intermediary requests removal
  - registration requirements are no longer met
  - intermediary has taxational neglects

Application for registration

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Finnish Tax Administration
P.O. Box 550
00052 VERO
Finland

APPLICATION
Register of authorised intermediaries

Complete this form to request entry in the register.

Information about the applicant

Name			Finnish Business ID (if registered in Finland)
Country of domicile		Tax identification number (TIN) in the country of domicile	
Other registration code or company ID in country of domicile		GIIN	
Contact person			
Telephone number	e-mail address		

Applicant's address (To be published in the public register of authorised intermediaries. Complete the lines below only if your information has not been entered in the Tax Administration's records previously.)

Postal address		
Postal code	Post office	Country

Address for tax correspondence
(Complete the lines below only if your information has not been entered in the Tax Administration's records previously.)

C/O (fill in if needed)		
Postal address		
Postal code	Post office	Country

69201

Date when registration is requested

(Earliest possible registration date is the date when we first process your request.)	ddmmyyyy
Requesting entry in the Register of authorised intermediaries as of:	

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APPLICATION REGISTER OF AUTHORISED INTERMEDIARIES

The applicant's head office
(Only fill in this section if the applicant is a branch entity.)

Name		Finnish Business ID (if registered in Finland)
Country of domicile		Registration code/ID in domicile country
Postal address		
Postal code	Post office	Country

Registration is only possible if the applicant's domicile is in the European Union or in a country that has a tax treaty in force with Finland for the avoidance of double taxation.

Enclosures
Foreign companies applying for registration must enclose a copy of their licence to act as a custodian, as well as their trade register extract or an official certificate of registration valid in their country that contains the company's name, domicile, line of business, accounting period and the names of the persons entitled to sign for the company. If these details are not included in the document mentioned above, also enclose the company's articles of association, partnership agreement or other company documentation that contains the missing details. Include Finnish, Swedish or English translations of all of these enclosures. In addition, if the applicant for registration as an authorised intermediary is a branch entity, enclose the head office's trade register extract or other official certificate of registration valid in the country of the head office.

If the applicant is under the supervision of Finland's Financial Supervisory Authority, a copy of the licence to act as custodian does not need to be enclosed.

Assurance
The applicant assures that

1. They have a valid licence to act as a custodian, granted by the relevant authority in their country of location, and their activities are supervised by an official authority.
2. The Common Reporting Standard (CRS), or the rules on the prevention of money laundering, as well as the rules on the identification of customers, are applied to them.

By registering as an authorised intermediary, the applicant agrees to comply with the obligations described in § 10 b and 10 c of the act on the taxation of nonresidents' income (Laki rajoitetusti verovelvollisen tulon verottamisesta 627/1978).

Date	Signature and printed name (enclose a Power of Attorney as necessary)

69202

Application for changes and termination

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Finnish Tax Administration
P.O. Box 550
00052 VERO
Finland

NOTIFICATION OF CHANGES AND TERMINATION
Register of authorised intermediaries

Complete this form to report any changes.
Complete this form to terminate your registration.

Information about the applicant (The fields below are required.)

Name	Finnish Business ID

Country of domicile	Tax identification number (TIN) in the country of domicile
Other registration code or company ID in country of domicile	**GIIN**

Contact person

Telephone number	e-mail address

The applicant's head office
(Only fill in this section if the registered intermediary is a branch, and you are reporting the changes that the head office has had.)

Name	Finnish Business ID (if registered in Finland)
Country of domicile	**Registration code/ID in domicile country**

Postal address

Postal code	Post office	Country

69211

Terminating the registration
(Earliest possible date of de-registration is when we process this form.)

	ddmmyyyy
Desired date of leaving the Register of authorised intermediaries	
We have gone out of business in Finland. Please remove our Business ID from the Tax Administration's register.	

Additional information

Date	Signature and printed name (enclose a Power of Attorney as necessary)

VEROH 6921e 1.2020

The information entered on this form will be read by computer, by optical character recognition. The computer system does not process anything you may have written

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Digitalisation of tax-at-source applications and updates to existing paper forms

Emma Pulkkinen

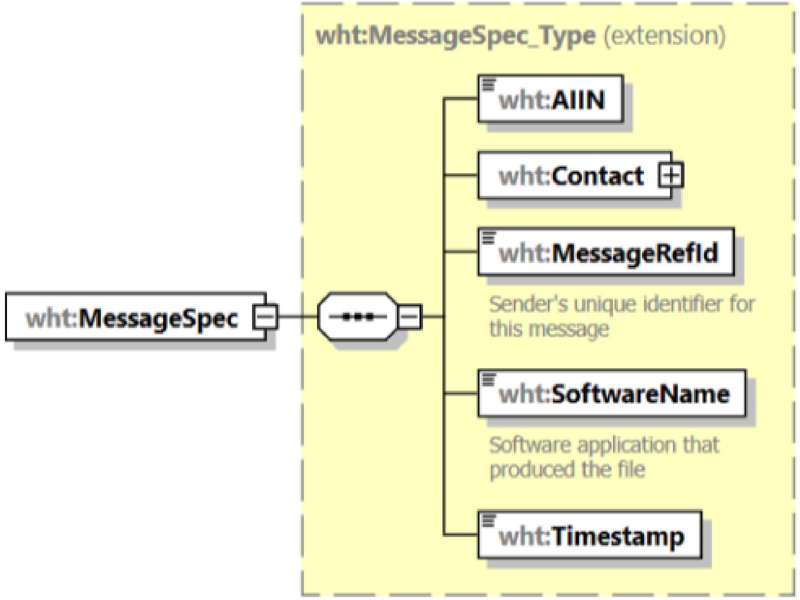
Background

- As part of the overall legislative change, we are currently improving and developing the refund claim procedure and tax-at-source card procedure
- Goal is to smoothen the application procedure, as well as prepare for a potential increase in number of applications
- Goal is to also provide non-residents the possibility to apply for refund and tax-at-source cards electronically

What has already changed?

- Starting from 4th of May 2020, refund applications can be submitted in XML-format on Ilmoitin.fi portal
- From mid-June, also corporations' tax-at-source card applications can be submitted in XML-format on Ilmoitin.fi portal
- Attachments to XML-files also given on Ilmoitin.fi portal
  - Attachment can be given once an XML-file has been submitted
- Updates to existing paper forms to match the content of the XML-application
  - Impacted forms: 6163e, 6164e, 6167e and 6211e
  - Published on 11th of May 2020
- **Note.** Information requests and decisions still sent in paper form

XML-bulk submission of applications



- One file can be used to claim for several beneficiaries (both individual and corporate investors)
  - Separate XML files for refund applications and tax-at-source card applications (tax-at-source card applications only for corporate entities)
  - Attachments also sent in electronic format, and matched to application using the ApplicationID element
- **MessageSpec** structure includes details on the entity actually submitting the file, e.g. software developer
- **WhtBody** structure includes details on the applicants and the agent to whom any information requests and decisions should be sent to
  - Agent in WhtBody can be different from the entity actually submitting the file

Ilmoitin.fi portal and identification

- You can use a Katso ID to identify yourself in the Ilmoitin.fi service in order to submit XML-format applications
- There is a separate Katso authorisation role, **‘Applying for a refund of tax at source and a tax at source card’**, for tax-at-source refunds and tax-at-source card applications
- It is not necessary to apply for a Katso ID and the related Katso role separately for each applicant; rather, it is enough that the applicant's agent or the software developer submitting the file, has the necessary ID and authorisation

Sending attachments on Ilmoitin.fi

- Attachments are sent separately from the XML file, but also on Ilmoitin.fi
- Attachments should be submitted within one week of submitting the XML file
  - If submitted later, the Finnish Tax Administration can request for missing attachments with an information request
  - Attachments can only be submitted once an XML file is submitted
- The same attachments that are mandatory on paper, also need to submitted when sending applications on Ilmoitin.fi
- When applications are submitted in XML, attachments also need to be given electronically
  - And when submitting on paper, the attachments are also given in paper form
- The attachment is matched to the correct application using the ApplicationID element given on the XML submission
  - Naming of the attachments is also important, so we can identify if there are any missing attachments

Examples of attachments (refunds)

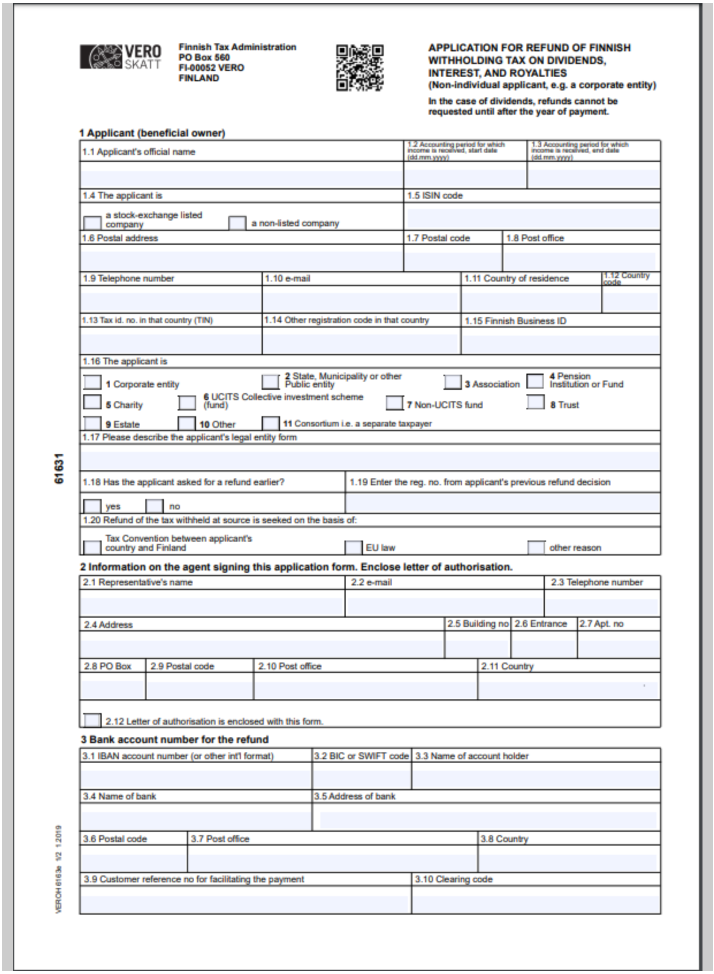
- Naming convention
  - WHT_TIN_year of application_specifier of your choice_type of enclosure
- Power of attorney
  - WHT_6606611- 7_2020_010101_Power_of_attorney.pdf
- Trade register extract
  - WHT_6606611- 7_2020_010101_Trade_register_extract_or_equivalent.pdf
- Certificate of residence
  - WHT_6606611- 7_2020_010101_Certificate_of_residence_or_equivalent.pdf
- Dividend voucher
  - WHT_6606611- 7_2020_010101_Voucher.pdf

Examples of attachments (refunds)

- Grounds for application
  - WHT_6606611-7_2020_010101_Grounds_for_application.pdf
- Fund prospectus
  - WHT_6606611- 7_2020_010101_Fund_prospectus.pdf
- Other
  - WHT_6606611-7_2020_010101_Other_written_account_1.pdf
  - WHT_6606611- 7_2020_010101_Fund_rules.pdf

Updates to paper forms

- As a result of developing the XML-format applications, changes have also been made to the existing paper forms
- Goal is that over time paper applications become less and less common, and are used only by those applicants that have no access to the electronic submission channels
- The updated forms have been published on 11th of May 2020 along with updated instructions for filling out the forms
  - Old QR-coded forms can still be used, but clients should adopt the news forms as soon as possible


VERO SKATT
Finnish Tax Administration
PO Box 560
FI-00052 VERO
FINLAND

APPLICATION FOR REFUND OF FINNISH WITHHOLDING TAX ON DIVIDENDS, INTEREST, AND ROYALTIES
(Non-individual applicant, e.g. a corporate entity)
In the case of dividends, refunds cannot be requested until after the year of payment.

61631

1 Applicant (beneficial owner)
1.1 Applicant's official name
1.2 Accounting period for which income is received, start date (dd.mm.yyyy)
1.3 Accounting period for which income is received, end date (dd.mm.yyyy)
1.4 The applicant is
a stock-exchange listed company
a non-listed company
1.5 ISIN code
1.6 Postal address
1.7 Postal code
1.8 Post office
1.9 Telephone number
1.10 e-mail
1.11 Country of residence
1.12 Country code
1.13 Tax id. no. in that country (TIN)
1.14 Other registration code in that country
1.15 Finnish Business ID
1.16 The applicant is
1 Corporate entity
2 State, Municipality or other Public entity
3 Association
4 Pension Institution or Fund
5 Charity
6 UCITS Collective investment scheme (fund)
7 Non-UCITS fund
8 Trust
9 Estate
10 Other
11 Consortium i.e. a separate taxpayer
1.17 Please describe the applicant's legal entity form
1.18 Has the applicant asked for a refund earlier?
yes
no
1.19 Enter the reg. no. from applicant's previous refund decision
1.20 Refund of the tax withheld at source is seeked on the basis of:
Tax Convention between applicant's country and Finland
EU law
other reason

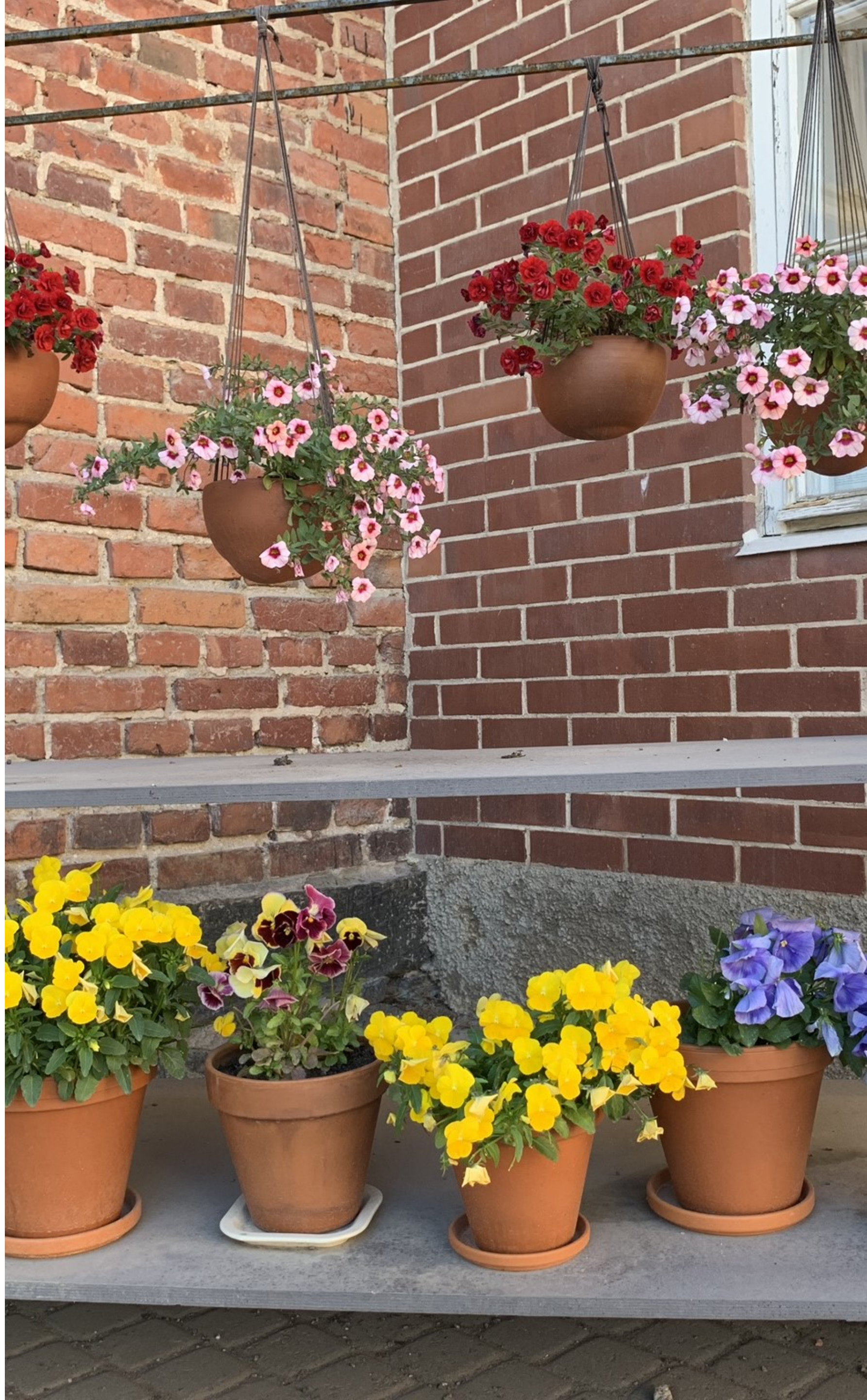
2 Information on the agent signing this application form. Enclose letter of authorisation.
2.1 Representative's name
2.2 e-mail
2.3 Telephone number
2.4 Address
2.5 Building no
2.6 Entrance
2.7 Apt. no
2.8 PO Box
2.9 Postal code
2.10 Post office
2.11 Country
2.12 Letter of authorisation is enclosed with this form.

3 Bank account number for the refund
3.1 IBAN account number (or other int'l format)
3.2 BIC or SWIFT code
3.3 Name of account holder
3.4 Name of bank
3.5 Address of bank
3.6 Postal code
3.7 Post office
3.8 Country
3.9 Customer reference no for facilitating the payment
3.10 Clearing code

VEROH 6163e 1/2 1.2019

Changes to 6163e and 6167e: applicant

- Small changes to legal entity type choices (field 1.14)
  - Options "association" and "charity" have been combined to one option
  - Also impacts the numbering of some other options
- New field for umbrella funds (field 1.18)
  - If the applicant is a part of an umbrella fund, give information on whether the applicant is the main or sub fund
    - No need to fill in, if the applicant is **not** part of an umbrella fund
  - Depending on whether the applicant is the main or sub fund, give further details on
    - The sub-funds (list of names), if the applicant is the main fund
    - The main fund (name and TIN), if the applicant is a sub fund



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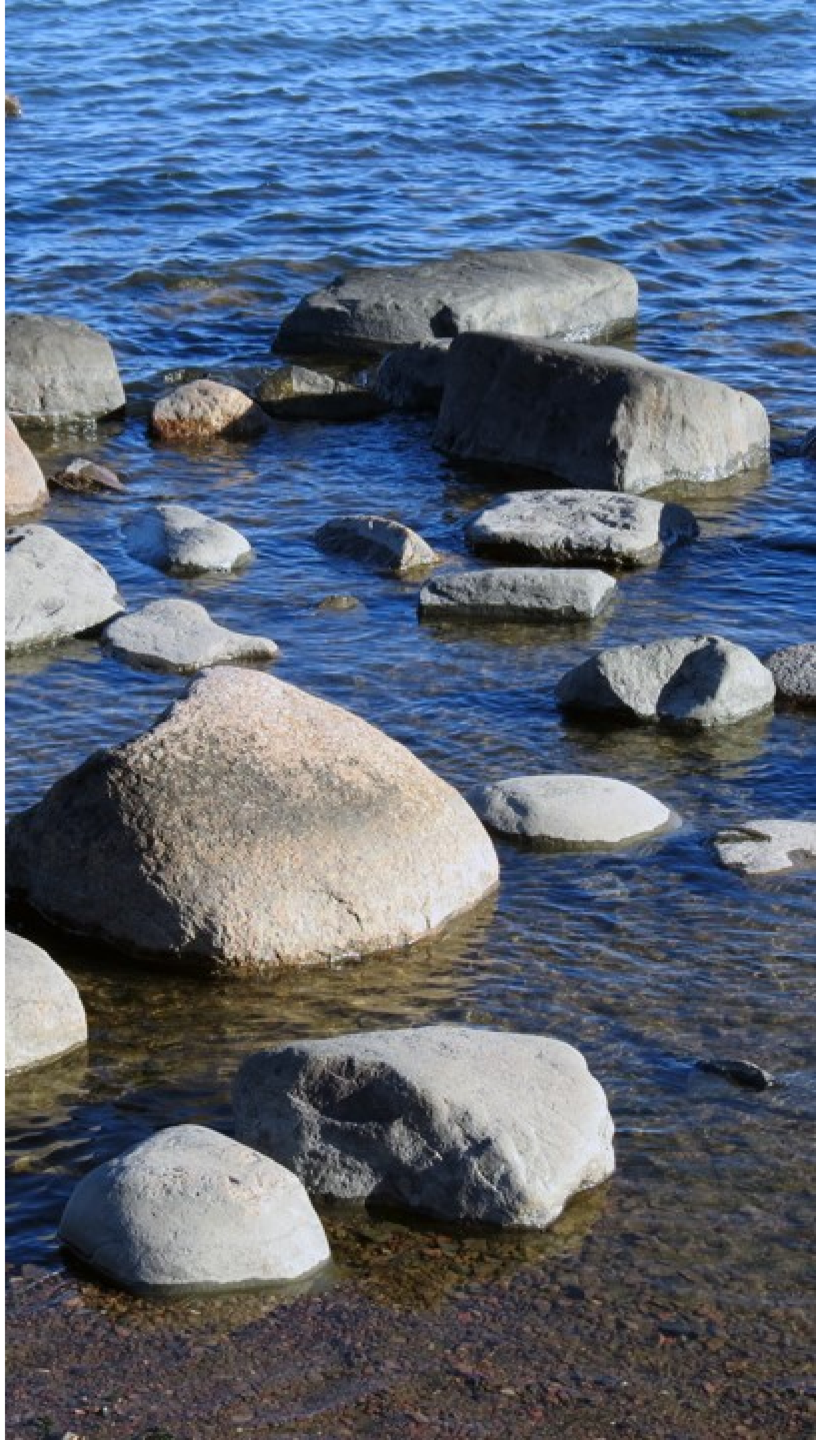
Changes to 6163e and 6167e: applicant

- Previous applications and quick refunds (fields 1.9-1.21)
  - Give information on any previous applications more generally and also specifically on this income
  - e.g. Applicant has requested a refund during the payment year (i.e. quick refund), tick "Yes"
- Permanent establishment (field 1.22)
  - Application should only be used by corporate entities that do not have a permanent establishment in Finland
  - If a foreign corporate entity has a permanent establishment in Finland, dividend income received from Finland is reported on their annual tax return (form 6U)
- Representative's identifier (field 2.2)
  - If you wish to better track all applications sent by a certain representative, give some sort of identifier (e.g. representative's TIN, Finnish Business ID, etc.)

Changes to 6163e and 6167e: income and application

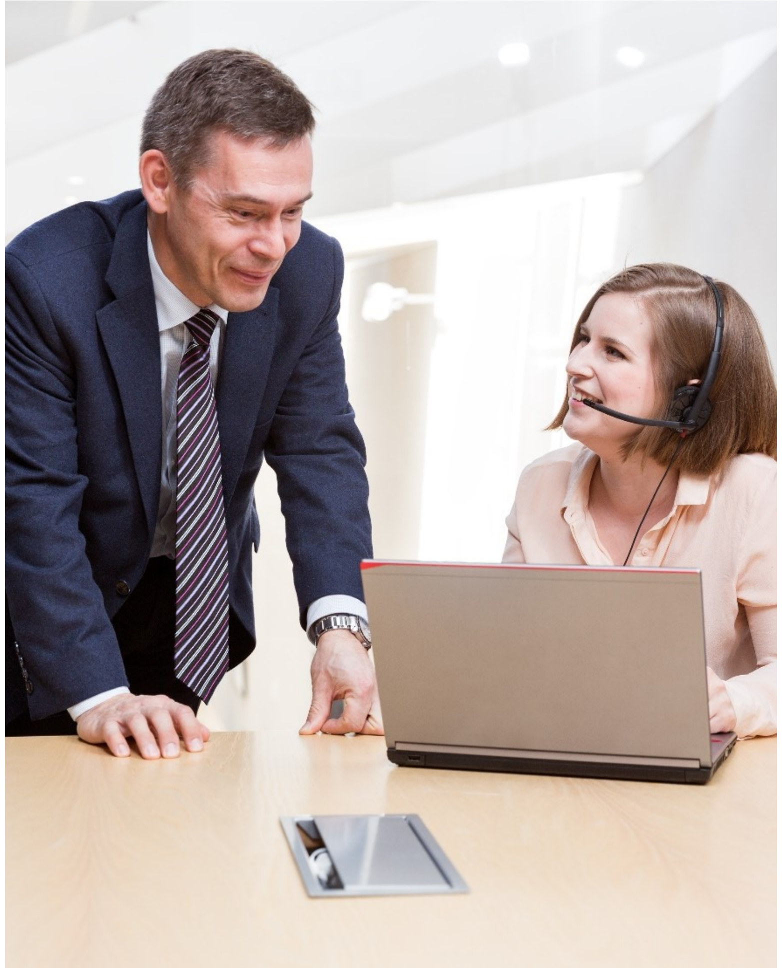
- Dividend information (section 5)
  - Dividend received based on nominee-registered shares (field 5.1)
    - Previously the options for this section only included: direct shareholding, through a fund or through a partnership
    - In the majority of cases, non-residents' shares are nominee-registered
  - Payer's ISIN (field 5.8)
    - This helps us identify the paying company
- Share lending and beneficial owner (fields 7.1-7.4)
  - This section now includes four separate questions, instead of one
  - Follow the instructions in the online instructions (separate instructions for different income types), if ever unsure you can also leave the fields blank
- 6167e: payer's ISIN (field 2.2)
  - The only thing changed on the 6167e form is the addition of the payer's ISIN



Changes to 6164e and 6167e

- 6164e is only for individual applicants
- Layout of form 6164e has been redesigned
- Some new fields
  - For example ISIN code of payer (3.8) and grounds for refund application
- New instructions for filling form 6164e and 6167e
- Important to use the **latest form** 6164e and 6167e from vero.fi

Changes to 6211e: applicant



- Applicant legal entity type (field 1.10)
  - New tick the box option
  - Same options as in the refund application
- Whether applicant is stock-exchange listed (field 1.11)
  - If the applicant is a stock-exchange listed company, give the security's ISIN code in field 1.12
- New field for umbrella funds (field 1.13)
  - Whether the applicant is the main or sub fund
- Permanent establishment (field 1.14)
  - Application should only be used by corporate entities that do not have a permanent establishment in Finland

Changes to 6211e: application

- Representative's identifier (field 2.2)
  - If you wish to better track all applications sent by a certain representative, give some sort of identifier (e.g. representative's TIN, Finnish Business ID, etc.)
- Previous tax-at-source cards and refund decisions (fields 3.1-3.4)
  - Indicate whether the applicant has previous tax-at-source cards or refund decisions, and when possible give the decision numbers of said decisions
- Several payers option (field 3.11)
  - For situations, where the tax-at-source card application concerns all Finnish publicly listed companies, tick "Yes"
- Share lending and beneficial owner questions
  - These questions should only be answered **if the income has already been paid**. Otherwise, follow the online instructions

Applications on MyTax

- Preliminary launch in late autumn 2020
- Some form of identification will be required, still under investigation
- Can be submitted either by income earners themselves or an agent representing them
- Each application concerns one individual or corporate customer at a time, but one refund application can include more than one income item
- Correspondingly, you can use the MyTax electronic tax-at-source card application to submit the application for one corporate customer at a time, and the application can focus on either one or several income payers

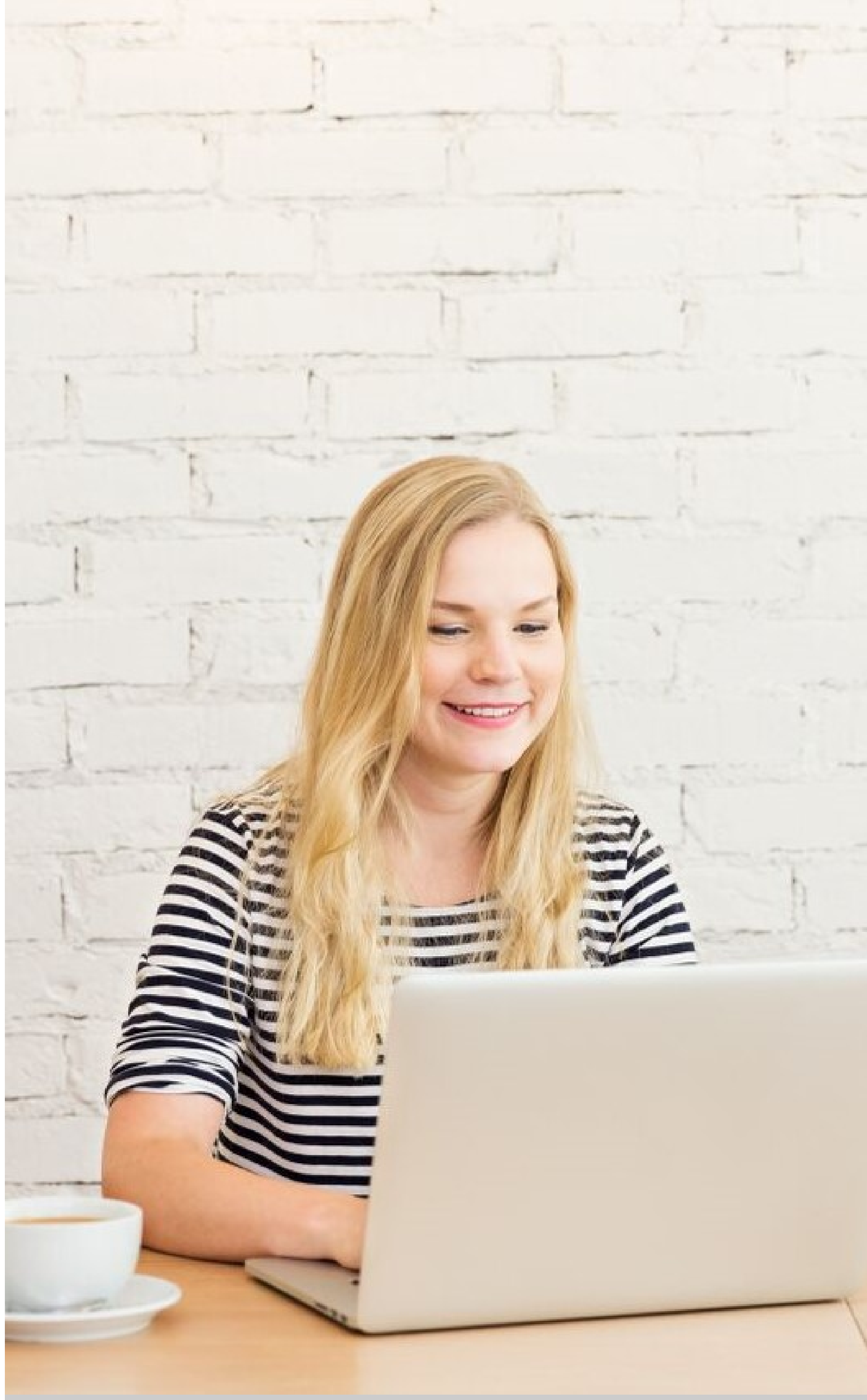
Relevant web pages

- Digitalisation of the applications for tax-at-source refunds and tax-at-source cards
- XML technical guidance and examples
- Ilmoitin.fi portal
- Instructions for filling out forms:
  - Application for Refund of Finnish Withholding Tax on Dividends, Interest, and Royalties (Non-individual applicants, e.g. a corporate entity), how to fill out the form - Forms 6163e and Enclosure 6167e
  - Form 6164e + Enclosure 6167e, Application for refund of Finnish withholding tax on dividends, interest, and royalties (Individual applicant)
  - Foreign corporation's tax-at-source card application for dividend, interest and royalty income (Form 6211e)

More information and contact

The financial sector and taxation

- Make sure to follow our tax.fi page: The financial sector and taxation
- The latest news and events are always listed on the front page
- You can also subscribe to the financial sector newsletter
- The page has its own section for the legislative change: Legislative change: nominee-registered shares
- The page will be updated as time progresses



Thank you.

If you have any further questions, you can contact us at financialsector(a)vero.fi

For You.

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