

# Global tax reclaim reports

- **Substantiate foreign dividend tax reclaims using fewer resources and less time than manual audits**
- **Reduce risk of rejected reclaims and deliver timely reclaim benefits to shareholders**
- **Recognized by Foreign Taxing Authorities as an accurate source for country apportionment**
- **Leverages Broadridge's proprietary shareholder database**
- **Available as stand-alone reports or as a self-service report within the Multi-State Tax Allocation Module**

## BILATERAL TAX TREATY COUNTRIES

Australia  
 Belgium  
 Canada  
 Finland  
 France  
 Germany  
 Ireland  
 Japan  
 South Korea  
 Spain  
 Sweden  
 Switzerland



## FOREIGN DIVIDEND TAX WITHHOLDING

Governments eager to increase revenue are aggressively collecting foreign dividend taxes. These taxes, as high as 35% in some countries, are automatically deducted before payout. However, with bilateral treaties that the U.S. has in place with many foreign countries, registered investment companies (RICs) can successfully reclaim withheld taxes. The Broadridge Global Tax Reporting solution recognized by many Foreign Taxing Authorities (FTAs) provides the substantiating shareholder residency data to achieve a successful reclaim.

Dividend tax reclaims are dependent on providing proof that the fund's percentage of both direct and indirect shareholders living within the U.S. is greater than the threshold defined by the foreign country FTA. This threshold varies from country to country, as does the timing of the reclaim and the application itself. Taxes successfully reclaimed are credited back to the funds and ETFs, increasing their performance.

## INDUSTRY CHALLENGES

The investor's country of residence, regardless of citizenship, determines whether they are a U.S. shareholder. Omnibus accounts use summary trades, which fail to disclose shareholder residency. This means asset managers cannot prove that the percentage of underlying U.S. shareholders surpasses the threshold for reclaiming the global tax.

## IRS IMPACTS ON SUCCESSFUL RECLAIMS

Per IRS Notice 2016-10, electing the IRS closing agreement method for a global tax reclaim imposes an 85% tax of the recovered amount pertaining to taxable investor accounts (where the IRS waives this tax on tax-advantaged investor accounts) recovery.

When a portion of the recovery is held within tax-exempt investor accounts, organizations can file for an exclusion. In these cases, the IRS requires the asset manager under penalties of perjury to attest to the accuracy of the apportionment of taxable versus tax-exempt investor accounts.

## A SIMPLE SOLUTION TO PROVE TAX EXEMPTIONS

- For global dividend tax reclaims: Broadridge reporting provides total accounts, assets and shares by country for each CUSIP requested. It is accepted by all countries requiring substantiating documentation in foreign dividend tax reclaims.
- For IRS tax filings: The Tax Status Report provides the accounts, shares and assets by taxable versus tax-exempt statuses.

## CUSTOMIZE DATASETS WITH THE STATE APPORTIONMENT TAX MODULE

Accessing the Global Tax Reports through the State Apportionment Tax Module allows organizations to combine proprietary shareholder data with the direct shareholder positions held on the TA system to obtain the total asset holdings by each country. A flexible rules engine within the module provides additional options to filter out accounts that should not be considered in the reporting. Quarterly reports can be created on demand.

## TIMING IS EVERYTHING

Preparing and filing reclaims across various countries, years and investment vehicles can be time consuming. Our reports verify reclaims entitlements faster and with fewer resources than manual audits. Still, statutes of limitations restrict your windows of opportunity. Country limits vary, typically between two to five years. Claims could be rejected as well, with even more limited time frames to make corrections.

Countries with the highest foreign tax rates and their statutes of limitations		
Country	Dividend tax rate	Statute of limitations
Switzerland	35%	3 years EOY
Australia	30%	7 years P/D
Finland	30%	5 years EOY
France	30%	2 years EOY
New Zealand	30%	4 years*
Sweden	30%	5 years EOY

\*8 years EOY for income through 3/31/2013

Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with \$5 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than U.S. \$9 trillion of equities, fixed income and other securities globally.

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