

## Finland: New tax legislation for Finnish equities and new reclaim forms

Clearstream Banking<sup>1</sup> hereby advises customers of changes to Finnish tax legislation that impact Finnish dividends paid on or after

**1 January 2006**

**Note:** The service is pending Clearstream Banking's anticipated entry into the Finnish Tax Authorities' Foreign Custodian (Intermediary) Register (see [www.vero.fi/custodianregister](http://www.vero.fi/custodianregister)). Until the registration has effectively been granted, relief at source will only be available for beneficial owners disclosing their names and other relevant data before the payment date. Customers are, however, encouraged to complete and submit the attached One-Time Certificate for Finnish Equities now to ensure proper taxation at the next dividend payment. Clearstream Banking will advise customers as soon as registration has been granted.

### Overview of the service

The Government Bill 118/2005, which amended the Finnish Act on the Taxation of Non-Residents' Income and Capital 627/1978, was introduced to increase the level of control over the provision of tax relief benefits to non-resident investors.

A two-tier withholding procedure for relief at source has been introduced such that the respective disclosure requirements depend on the double taxation treaty (DTT) rate to which the beneficial owner is entitled, as follows:

- Tier 1: Primary rule of full disclosure - for beneficial owners entitled to a DTT rate of 0-14%;
- Tier 2: Exception to the primary rule - for beneficial owners entitled to a DTT rate of 15-27%.

See ["Appendix 1."](#) on page 3 for a list of all DTTs concluded by Finland and their applicable rates.

### Tier 1: Primary rule of full disclosure

The primary rule of the new legislation is that, in order to benefit from a DTT, beneficial owners are required to make their disclosure before payment.

In order to benefit at source from the tax rate stipulated in a DTT, beneficial owners entitled by the DTT to receive dividends with a deduction of withholding tax of between 0-14% will be obliged to disclose to the issuer their name, date of birth, other official identifier (if any) and address in the home country.

Beneficial owners entitled to a lower rate may, however, choose to benefit from the exception to the primary rule (see below) and receive dividend payments with 15% tax deducted at source without making a full disclosure. The difference between the 15% tax rate and the DTT rate can be reclaimed afterwards. Please refer to the Customer Tax Guide (Finland) for more detailed information on how to reclaim tax withheld at source.

### Tier 2: Exception to the primary rule of full disclosure

The new legislation allows for dividends to be paid at source with tax deducted at a generic treaty rate of 15% or more without up-front disclosure of the beneficial owners.

Tax may be withheld at source at a rate of 15% whenever the applicable DTT rate is 15% or less. This also applies to those domiciles that have a DTT stipulating a withholding tax rate of above 15%, in which cases the applicable treaty rate will be withheld. If, for any reason, the withholding tax rate is higher than the applicable treaty rate, the difference continues to be fully reclaimable.

Before the dividend payment, customers need only supply the following:

- A One-Time Certificate for Finnish Equities (see ["Appendix 2."](#) on page 5), if not already submitted<sup>2</sup>;
- A list, by country of residence, of beneficial owners that are entitled to relief and/or of entities that have been granted tax-exempt status by the Finnish tax authorities; and

1. Clearstream Banking in this Announcement refers collectively to Clearstream Banking Frankfurt (CBF) and Clearstream Banking Luxembourg (CBL). CBF and CBL are Deutsche Börse Group companies.

2. See the important Note in ["Certification to be submitted before the next dividend payment"](#) on page 2.

- The quantity of securities for which relief at source is applied.

Customers must ensure that each beneficial owner is entitled to benefit from a reduced treaty rate and that there is a valid DTT in force between Finland and the country of residence of that beneficial owner.

The customer shall promptly, upon request, do the following:

- Provide the Clearstream Banking with the necessary information about the beneficial owner for whom relief at source is applied, including the beneficial owner's name, date of birth, official identification number (if any) and address in the country of residence; and
- Submit a Certificate of Residence issued by the tax authorities of the beneficial owner's country of residence at the time of receipt of the dividend payment, as required by Finnish law.

Customers are responsible for ensuring compliance with these requirements.

## Certification to be submitted before the next dividend payment

A revised One-Time Certificate for Finnish Equities is included in this Announcement (see ["Appendix 2."](#) on page 5) that must be submitted to Clearstream Banking before the next dividend payment in order for the beneficial owners to receive relief at source.

**Note: Customers that have in the past submitted a "One-Time Certificate for Finnish Equities" to Clearstream Banking are hereby informed that the former certificate is revoked by Clearstream Banking with immediate effect.**

Customers are also requested to submit a "List of Beneficial Owners entitled to relief at source" before each dividend payment. This form will be available on Clearstream Banking's web site under Online Services / Tax Services and is to be submitted via the new upload facility.

The issuer of the securities and the Finnish tax authorities are entitled to require additional information or documentation (for example, a Certificate of Residence) in order to ascertain the applicability of the relevant tax treaty.

## Certification deadline to receive relief at source

Clearstream Banking will inform customers about certification deadlines before each relevant dividend payment<sup>1</sup>. If no certification is received by the relevant deadline, the issuer will withhold tax at the maximum rate of 28%.

## New withholding tax reclaim form

A new form for tax reclaim ("Application for Refund of Finnish Withholding Tax") is now available. The form must be used when reclaiming withholding tax on Finnish equities deposited in Finland through Clearstream Banking. A version is provided at the end of this Announcement.

The tax reclaim form must be completed by the beneficial owner and the beneficial owner's local tax authority and submitted to Clearstream Banking together with all the supporting documentation described in the instructions of the form and in the Customer Tax Guide (Finland), which is applicable to all customers.

## Further information

The Customer Tax Guide (Finland), which is available on the Clearstream Banking web site ([www.clearstream.com](http://www.clearstream.com)) under Publications & Downloads / Tax Information, will be updated to reflect these changes in due course.

For further information, please contact the Clearstream Banking Tax Help Desk on:

	Luxembourg	Frankfurt
<b>E-mail:</b>	<a href="mailto:tax@clearstream.com">tax@clearstream.com</a>	<a href="mailto:tax@clearstream.com">tax@clearstream.com</a>
<b>Telephone:</b>	+352-243-32835	+49-(0) 69-2 11-1 3821
<b>Fax:</b>	+352-243-632835	+49-(0) 69-2 11-61 3821

or Customer Services or your Relationship Officer.

For more general information regarding Clearstream Banking products and services, please refer to the Clearstream Banking web site [www.clearstream.com](http://www.clearstream.com).

1. Customers holding securities in a CASCADE account will be informed by a dedicated customer announcement and customers holding securities in a Creation account will be informed by CreationOnline or Creation via SWIFT.

## Appendix 1. Equities - Double Taxation Treaties concluded by Finland and currently in force

**Note:** The rate as prescribed in the DTT assumes that the beneficial owner does not hold a substantial percentage of the share capital of the company paying the dividend. Different rates may apply for substantial holdings. Please refer to the actual DTT or your tax advisor for further information.

Country (Sheet 1 of 2)	Rate prescribed by the DTT - dividends (%)	Tax refund available (%)
The standard rate of withholding tax on dividends for non-residents is 28% prior to any relief. <sup>a</sup>		
Argentina	15	13
Australia	0	28
Austria	10	18
Barbados <sup>b</sup>	15	13
Belgium	15	13
Brazil	10	18
Bulgaria	10	18
Canada	15	13
China	10	18
Cyprus	28	0
Czech Republic	15	13
Denmark	15	13
Egypt	10	18
Estonia	15	13
France	0	28
Germany	15	13
Greece	13	15
Hungary	15	13
Iceland	15	13
India	15	13
Indonesia	15	13
Ireland <sup>b</sup>	0	28
Israel	15	13
Italy	15	13
Japan	15	13
Korea, Republic of	15	13
Kyrgyzstan	15	13
Latvia	15	13
Lithuania	15	13
Luxembourg <sup>c</sup>	15	13
Macedonia	15	13
Malaysia	15	13
Malta	15	13
Mexico	0	28
Morocco	15	13
Netherlands	15	13
New Zealand	15	13
Norway	15	13

<b>Country (Sheet 2 of 2)</b>	<b>Rate prescribed by the DTT - dividends (%)</b>	<b>Tax refund available (%)</b>
Pakistan <sup>d</sup>	20	8
Philippines	28	0
Poland	15	13
Portugal	15	13
Romania	5	23
Russia	12	16
Singapore <sup>e</sup>	10	18
Slovak Republic	15	13
Slovenia	15	13
South Africa	15	13
Spain	15	13
Sri Lanka	15	13
Sweden	15	13
Switzerland	10	18
Tanzania	20	8
Thailand	28	0
Turkey	20	8
Ukraine	15	13
United Arab Emirates	0	28
United Kingdom <sup>b</sup>	0	28
United States of America	15	13
Uzbekistan	15	13
Vietnam	15	13
Yugoslavia <sup>f</sup>	15	13
Zambia	15	13

a. The 28% rate of withholding tax is applicable from 1 January 2005. Prior to this date the rate was 29%.

b. The tax rate for individuals is 28% if income is tax-exempt in the country of residence.

c. The tax rate is 28% if the recipient is a special holding company.

d. The tax rate is 15% if the recipient is a company.

e. The tax rate on an unremitted amount is 28% if free from tax in Singapore.

f. The DTT signed with the former Yugoslavia continues to apply to Bosnia-Herzegovina, Croatia, Serbia and Montenegro.

## Statutory deadline

The statutory deadline for reclaiming withholding tax is five years after the end of the calendar year in which the income was paid.

The deadline by which Clearstream Banking must receive the documentation for an application is at the latest two months prior to the statutory deadline. All refund applications received after this deadline will be processed by Clearstream Banking on a best-efforts basis. However, in such cases, Clearstream Banking will apply an extra charge and accepts no responsibility for forms that have not reached the Finnish Tax Authorities by the date considered being the statute of limitations deadline.

With respect to tax refunds in general, customers are reminded that Clearstream Banking accepts no responsibility for their acceptance or non-acceptance by the tax authorities of the respective country. It is the customer's responsibility to determine any entitlement to a refund of tax withheld, to complete the forms required correctly and to calculate the amount due.

## Appendix 2. One-Time Certificate for Finnish Equities

[Customer's letterhead]

Clearstream Banking  
Operations – Income Frankfurt  
Neue Börsenstrasse 1  
D-60485 Frankfurt am Main  
Germany

Subject: One-Time Certificate for Finnish Equities

Dear Sir/Madam,

The undersigned customer of Clearstream Banking may hold from time to time in its securities account \_\_\_\_\_ (the "account") with Clearstream Banking equities issued by entities organised under the laws of Finland (the "securities").

For the purpose of ensuring that relief at source from Finnish withholding tax is granted on certain dividend payments, we hereby certify that either (tick (and complete) the following as appropriate):

1. ☐ We are the beneficial owner of any such securities we may hold from time to time in the account, and

☐ We are resident for tax purposes in \_\_\_\_\_ and are entitled to application of withholding tax at reduced rate of \_\_\_\_\_, according to the Double Taxation Treaty concluded between Finland and our Country of residence.

Our official identification number is \_\_\_\_\_

or

☐ We have been granted tax-exempt status for the purpose of withholding tax on dividend payments on securities by the Finnish tax authorities.

We hereby undertake to provide Clearstream Banking with a new One-Time Certificate for Finnish Equities and a *list of beneficial owners* in the relevant form (see "List of Beneficial Owners entitled to relief at source - Finnish equities") if, on any record date in Finland, we hold any such securities on behalf of a third party beneficial owner.

2. ☐ We are not the beneficial owner of all securities that we may hold from time to time in the account, and

☐ We hold securities exclusively for beneficial owners resident for tax purposes in \_\_\_\_\_ and who are entitled to application of withholding tax at reduced rate of \_\_\_\_\_, according to the Double Taxation Treaty concluded between Finland and the beneficial owners' country of residence. If the beneficial owners are entitled by the DTT to receive dividends with a deduction of withholding tax of 0-14%, and who want to benefit at source from the tax rate stipulated in the tax treaty, we will disclose the necessary information in a *list of beneficial owners* in the relevant form (see "List of Beneficial Owners entitled to relief at source - Finnish equities").

or

☐ We hold securities for several beneficial owners resident in different countries and we hereby undertake to provide Clearstream Banking with a *list of beneficial owners* in the relevant form (see "List of Beneficial Owners entitled to relief at source - Finnish equities") for each relevant dividend payment date. Any such list of beneficial owners in the relevant form provided for one dividend payment date shall be valid only for a given dividend payment date and shall not be valid for any subsequent dividend payment date related to Finnish equities that we may hold in our account.

We certify that the beneficial owner for whom relief at source is applied is entitled to benefit from a reduced treaty rate and that there is a valid DTT in force between Finland and the country of residence of the beneficial owner.

## Appendix 2 (cont'd). One-Time Certificate for Finnish Equities

We hereby undertake promptly, upon request, to provide Clearstream Banking with the necessary information about each beneficial owner for whom relief at source is applied, including the beneficial owner's name, date of birth, official identification number (if any), address in the country of residence, and submit a Certificate of Residence issued by the tax authorities of the beneficial owner's country of residence at the time of receipt of the dividend payment, as required by the Finnish law.

For tax-exempt entities that apply for relief at source through Clearstream Banking, we undertake, upon request and within the deadline given by Clearstream Banking, to submit to Clearstream Banking an authenticated copy of the Certificate of Exemption provided by the Finnish tax authorities.

We irrevocably authorise Clearstream Banking to act on the information contained in this certificate. We hereby appoint Clearstream Banking and Clearstream Banking's depository for Finnish equities as our attorneys-in-fact with the authority to collect and forward this certificate or a copy hereof and any other document submitted in connection herewith to the competent Finnish authorities, including Finnish tax authorities, in connection with any administrative or legal proceedings or official inquiries for which this certificate is or would be relevant.

We hereby accept full responsibility in case of any claims made for additional taxes, interest thereon, or penalties levied by tax authorities in connection with any payments made subject to this certificate and the eventual list of holdings entitled to relief at source or a quick refund and therefore to indemnify Clearstream Banking in respect of any penalties, taxes and interest thereon, levied by the Finnish tax authorities or any other authority, or in respect of any other costs incurred in connection with any action taken in reliance upon the contents of this certificate.

We understand that, in order to obtain any dividend payment with respect to the securities either subject to withholding tax at reduced rate or exempt from withholding tax according to a Double Taxation Treaty concluded with Finland, it may be necessary for Clearstream Banking to provide certain information to the Clearstream Banking depository in Finland (the "depository"), the issuer of the securities and the Finnish tax authorities. We understand that the Finnish authorities may forward the information received from us in connection with this procedure to the tax authorities of the countries of residence of the beneficial owners.

We hereby undertake to notify Clearstream Banking promptly upon receipt of any information that would render any statement in this certificate, or any certificate or statement in a certificate provided pursuant to this certificate, including any list of beneficial owners in the relevant form, untrue or incomplete.

### For and behalf of:

Name of the Clearstream Banking customer: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

### By (authorised signature/s):

Authorised signature: \_\_\_\_\_

Name: \_\_\_\_\_

Function: \_\_\_\_\_

Authorised signature: \_\_\_\_\_

Name: \_\_\_\_\_

Function: \_\_\_\_\_

Place: \_\_\_\_\_ Date: \_\_\_\_\_

HAKEMUS SUOMEN LÄHDEVERON PALAUTTAMISEKSI  
APPLICATION FOR REFUND OF FINNISH WITHHOLDING TAX  
Ohjeet takasivulla/See instructions overleaf

### Hakija/Applicant

Hakijan nimi (luonnollisen henkilön sukunimi)/Applicant's name (family name of an individual)			
Luonnollista henkilöä koskevat tiedot:/ Information on Individuals:	Etunimet/Applicant's first names	<input type="checkbox"/> mies/ male <input type="checkbox"/> nainen/ female	Suomalainen henkilötunnus tai syntymäaika/ Tax identification Number in Finland or date of birth
Osoite (Kadun nimi, numero, kaupunki, osavaltio, postinumero)/Address (Street name and no., City, State, Postcode)			
Asuinvaltio/Country of residence	Verotunniste asuinvaltiossa/Tax Identification number	sähköposti/e-mail	
Asiamiehen nimi ja osoite, ks. ohjeet 1)/Agent's name and address, see instructions 1)			

### Pankki, johon palautus maksetaan/Bank where the refund is to be credited

Tilin numero/Account number (IBAN code)	
SWIFT code	Palautuksen valuutta/Currency of refund
Tilin omistajan nimi/Name of the account holder	
Pankin/luottolaitoksen nimi/Name of the bank/credit institution	Pankin osoite/Address of the bank

### Tuloa koskevat tiedot (hakemukseen on liitettävä tosite tuloista ja perityistä veroista) Income (a receipt of the income and the withholding tax must be enclosed)

Hakemus koskee veroa, joka on peritty The application concerns tax on	<input type="checkbox"/> osingosta/ dividend	<input type="checkbox"/> palkasta/ salary	<input type="checkbox"/> muusta tulosta/ other income
Maksajan nimi/The name of payer	Maksupäivä/Date of payment		
Tulon määrä/Gross income	Perityn veron määrä/Amount of the withholding tax		
Palautuksen määrä/Amount of refund	Osakkeiden lukumäärä (jos hakemus koskee osinkoja)/ Number of shares		

### Hakemus/Application

Allekirjoittanut viittaa asuinvaltionsa ja Suomen tekemään verosopimukseen ja pyytää, että verosopimuksessa sovitun veron ylittävä osa Suomen lähdeverosta palautetaan.  
Allekirjoittanut vakuuttaa, että tulo ei liity hakijalla Suomessa olevaan kiinteään toimipaikkaan.

The undersigned refers to the Tax Convention between Country of Residence and Finland and asks that the tax not in accordance with the provisions of the Convention shall be refunded.  
The undersigned assures that the income does not originate from the applicant's permanent establishment in Finland.

Päiväys/Date	Allekirjoitus/Signature
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### Certificate of fiscal residence

We hereby confirm that the applicant, within the meaning of the Double Taxation Convention, was resident in the country mentioned above on the date when the income was paid.

Date	Signature and stamp of the tax authorities
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## Ohjeet

HUOM! Jos liikaa peritty lähdevero on alle 5€/vuosi, sitä ei palauteta.

Hakijan tulee täyttää lomake ja sen jälkeen esittää se kotivaltionsa veroviranomaiselle asumistodistusta (certificate of residence) varten. Viranomainen voi merkitä asumistodistuksen tälle lomakkeelle tai antaa asumistodistuksen erillisenä.

Asumistodistuksen saatuaan hakijan tulee liittää hakemukseen tosite tulosta ja verosta ja lähettää hakemus alla mainittuun osoitteeseen. Henkilöasiakkaille ja yrityksille on eri osoitteet.

Jos hakija haluaa palautuksen maksettavaksi muulle kuin suomalaisessa pankissa olevalle tilille, tilin numero on kirjoitettava IBAN muodossa ja lisäksi on ilmoitettava pankin SWIFT-koodi

Verohallinto tekee palautuspäätöksen aina euroina. Tästä huolimatta palautus voidaan maksaa muussa valuutassa, jos hakija on lomakkeella ilmoittanut asianomaisen muun valuutan.

1) Jos hakijan asiamies allekirjoittaa lomakkeen, mukaan on liitettävä valtakirja.

Luonnollisten henkilöiden hakemukset lähetetään osoitteeseen:

Pääkaupunkiseudun verotoimisto  
P.O. Box 400  
FI-00052 Vero  
FINLAND

Oikeushenkilöiden, yritysten tms hakemukset lähetetään osoitteeseen:

Yritysverotoimisto  
P.O. Box 30  
FI-00052 Vero  
FINLAND

## Instructions

Please note: Amounts less than €5 per year will not be refunded.

The applicant should fill out this form and present it to the tax authorities in Country of Residence in order to obtain the certificate of fiscal residence. The certificate of fiscal residence can also be issued separately.

After receiving the certificate, the applicant should enclose the receipt (tax voucher, credit advice) of the income and the tax with the application and send the application to the address mentioned below. Please note that the addresses for individuals and companies are different.

For bank accounts in other than Finnish banks, write the bank account number in the IBAN format and include the SWIFT code of the bank.

The tax administration in Finland makes the decision only in euros but the refund can be paid to your bank account in the currency that you have specified.

1) If you are an agent or fiscal representative signing this application, please enclose your power of attorney showing your authorization to act on the recipient's behalf.

Send applications for individuals to:

Helsinki Area Tax Office  
P.O. Box 400  
FI-00052 Vero  
FINLAND

Send applications for legal persons, corporations, joint partnerships etc. to:

Corporate Tax Office  
P.O. Box 30  
FI-00052 Vero  
FINLAND