

# TAX

## Key concepts

### Day 3

Tax is a mandatory contribution levied on individuals or corporations and enforced by a government entity - whether local, regional or national - in order to finance government activities (public services and goods).

Most countries require payers of interest, dividends and royalties, to non-resident payees, to withhold from such payment an amount corresponding to a specific rate.

#### Withholding Tax

State requirement for the payer of income to withhold/deduct tax from the payment, and pay that tax to the correspondent state's tax authorities.

The rate of WHT varies by country (usually between 0% and 35%). Information used to determine if our client is eligible to benefit from DTA rates wherever he is investing. (Fiscal Residency, legal status).

The Local Tax Authority is responsible for issuing and certifying fiscal documentation and approving the tax reclaims on payments subject to their national tax.

#### Relief at Source Procedure

Investors benefit from a reduced tax rate applied on the payment date of the income distribution.

Upon receipt of the relevant tax documentation, BNP Paribas ensures a reduced tax rate is applied on the income payment.

This means that on Pay Date, client's get the best rate possible.

#### Trainers

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### Relief at Source Procedure - Flow

1. The client provides BNP with his fiscal documentation (COR, Exemption certificates, etc) and BNP liaises to check, process and validate the document, following Local Tax authorities requirements;
2. After the validation, client is eligible to be paid at the most favorable rate (DTA rate or any other special rate, such as Internal Law);
3. At payment date client will already be paid with the best rate what represents an additional source of revenues for clients.

### Reclaim Procedure

In some countries, the relief at source procedure is not applied or we do not offer such service, Clients can request a reimbursement of the tax which was withheld at source at the time of the income payment.

Upon receipt of the relevant tax documentation, BNP Paribas initiates the reclaim of the tax. This occurs post income payment.

### Reclaim Procedure - Flow

1. Payment is received with a full withholding tax rate; Client receives the net payment;
2. Client provides us with the relevant fiscal documentation to recover part of the total amount of the taxes withheld, within market deadline;
3. BNP will check, process and submit the documentation to the Local Fiscal Tax Authorities;
4. Local Fiscal Tax Authorities will validate the reclaims sent which will lead to the client being refunded after a determined period (6 months to 20 years).

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