



FOREIGN WITHHOLDING TAX
RECOVERY SPECIALISTS



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Executive Summary

WTax is a foreign tax recovery specialist that provides wholly-outsourced withholding tax (WHT) recovery solutions to all and any parties seeking to optimize their WHT recovery processes and capabilities. Following a series of discussions between ERSRI and WTax, the following proposal has been prepared to provide ERSRI with detailed information regarding WTax, present WTax's service offering and demonstrate WTax's value proposition.

01. | Introduction to WTax

WTax is a division of the VAT IT Group, the largest indirect tax recovery firm in the world. The VAT IT Group services over 15,000 clients globally, including over 50% of Fortune 500 Companies. WTax leverages the Group's experience gained through over 20 years in the tax reclaim industry and we continually adapt to the changing WHT landscape. With 40 wholly-owned offices around the world, we connect with tax authorities in each of the markets in which we operate.







WTax attends to all the administrative, technical and practical tasks in the foreign WHT recovery process, providing leading solutions to unlock recovery opportunities in over 30 jurisdictions. By engaging with relevant stakeholders including leading law firms, tax industry professionals and associations, we remain at the forefront of indirect tax solutions.

02. | Challenges in the Process

From our experience in working with asset managers and institutional investors globally, we find that material amounts of WHT are not recovered due to:

- 1 | The extensive administrative burden of claims resulting in incomplete tax documentation and missed deadlines
- 2 | Limited jurisdictional coverage and restricted reclaim mechanisms (e.g. the inability to pursue ECJ claims)
- 3 | The lack of transparent reporting resulting in limited oversight

WTax's service model provides the following strategic advantages to overcome these challenges:

- 
Administration: Our service is entirely outsourced with all administration being taken on by WTax, including documentation creation, claim preparation and dealing with tax office queries.
- 
Optimal mix of reclaim methodologies: WTax identifies and applies the optimal mix of reclaim methodologies, in order to recover the largest amount of WHT back in the shortest possible time.
- 
Retrospective recoveries: WTax retrospectively completes and submits reclaims that have been missed or avoided, dating as far back as five years, according to the statute of limitations.
- 
Expedited claim preparation: Automated systems, tax expertise and tax office relationships allow our processing teams to expeditiously analyze, submit and receive refunds.
- 
Contingency-based fee: Our fees are only levied upon successful refund, allowing WTax to absorb all risks in the reclaim process. WTax files claims where no legal precedent exists, protecting your statute of limitations as well as the time-value of money.
- 
Technology and reporting: WTax's propriety technology facilitates back-end submission and tracking of claims with full transparency provided through our state-of-the-art Client Reporting Portal.

03. | Reclaim Methodologies

Below is an overview of the relief and reclaim mechanisms available to WTax in order to ensure the lowest possible amount of WHT is incurred on ERSRI's foreign investments.



Relief at Source: Relief at Source is not considered a reclaim mechanism due to the fact that a successful submission prevents Withholding Tax from being charged - in whole or in part - at the outset as opposed to claimed retrospectively

Relief at Source is administered directly by the custodian in all cases, due to the short deadline imposed by the tax office in order to qualify for the relief.

This process is jurisdiction dependent as very few countries offer Relief at Source.



Double Tax Treaty (DTT) Claims: These claims are based on the differential available between the Withholding Tax rate and Double Taxation Treaty rate.

WT ax handles this entire process, including the analysis, and submits these claims on behalf of its clients. This methodology is available on equities and fixed income instruments.

Domestic Tax Legislation Claims: These claims are based on the investment country's domestic legislation. Multiple jurisdictions offer a domestic tax legislation reclaim procedure, which can be utilized to receive a full exemption on Withholding Tax incurred on dividend and interest income.

The conditions of these exemptions differ significantly in the respective jurisdictions and require additional information and documentation, including declarations of compliance with the domestic legislation.



WTax remains up to date with the changes and requirements in each foreign investment jurisdiction, in order to ensure that our clients always receive the maximum possible recovery values through the simultaneous use of this reclaim methodology.

WTax handles this entire process, including the analysis, and submits these claims on behalf of clients. Availability and extent of the refund depends on jurisdiction and legal/tax status.

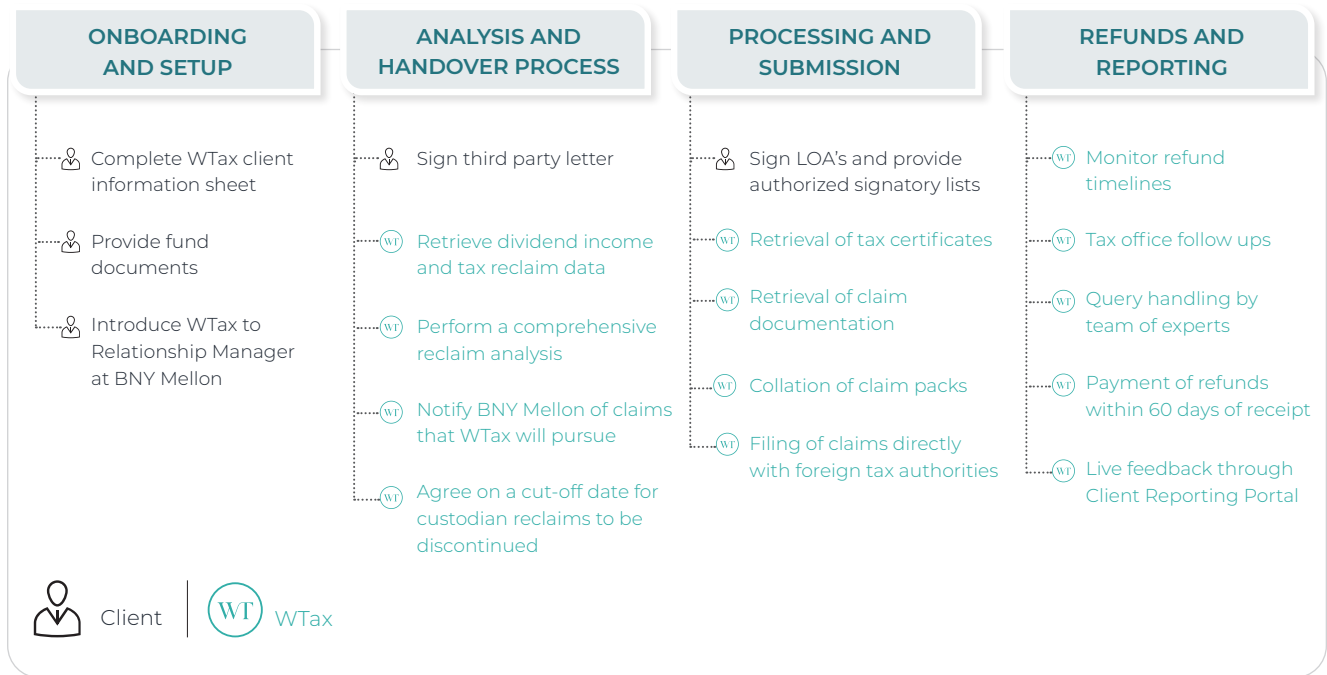
European Court of Justice (ECJ) Claims: This claim methodology is not often utilized due to lack of expertise, resulting in a significant portion of Withholding Tax remaining unclaimed. This process differs significantly from the DTT process and there are additional requirements, such as an in-depth analysis and comparison of the investor's fund structure and the provision of multiple supporting documents.



WT ax handles this entire process, including the analysis, and submits these claims on behalf of clients. This methodology is available on equity and fixed income instruments for limited jurisdictions in Europe.

04. | Service Implementation

Following a concluded service agreement, WTax's client service team will initiate the following processes:



In addition to the above, WTax is able to provide ERSRI with the following support:

Fund Accounting:

WTax is able to provide a report on the claims filed on your behalf and give the proposed accounting treatment for the claims that have been filed.

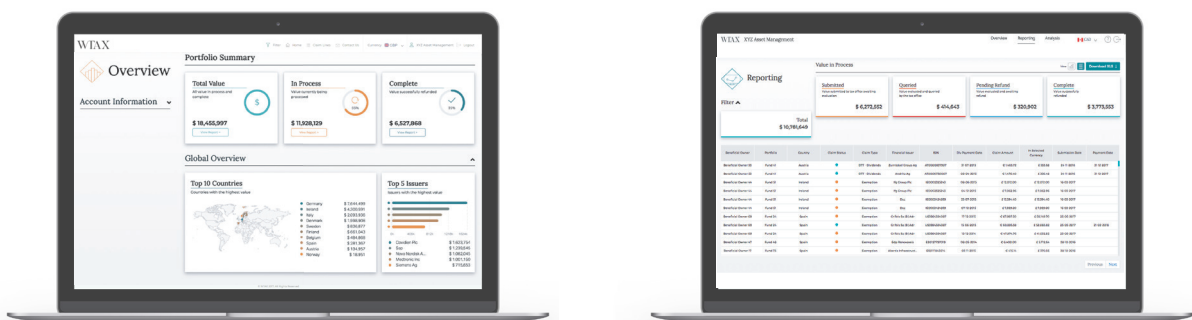
This includes but is not limited to:

- Estimated repayment timelines per foreign tax office from past experience
- Provide monthly accounting reconciliations to the relevant fund accounting team
- Additional information to enable informed decisions regarding whether to accrue for recoveries

Transparent Reporting:

Technology and innovation are at the heart of our reclaim process. We're constantly building new applications and improving on our existing WHT claim processing engine. Ultimately, our cutting-edge technology is built for the sole purpose of making your WHT reclaim experience seamless, simple and rewarding.

Gain access to your investment portfolios' WHT recovery potential through our custom-built Client Reporting Portal as illustrated below.



05. | Data Analysis

The dividend income report was received directly from ERSRI enabling WTax to perform a detailed review of the withholding tax position of the ERSRI Pension Fund. The table below outlines the key categories of the withholding taxes, as well as an explanation of each category. As the table outlines below, a supporting service would enable ERSRI to secure all their tax reclaims and enhance the performance of the Fund.

RECLAIM PERIOD: 2020 & 2021

All amounts are presented in USD

Investment jurisdiction	Withholding tax identified ¹			Status summary				WTax reclaim service ⁶
	Exemption / Double Taxation Treaty claims	European Court of Justice claims	Total	Settled ²	With custodian / sub-custodian / tax office ³	With client ⁴	No reclaim / cancelled ⁵	
Australia	5,085	-	5,085	-	-	-	5,085	-
Austria	25,202	-	25,202	-	-	25,202	-	25,202
Belgium	8,362	-	8,362	-	-	8,362	-	8,362
Canada	67,527	-	67,527	-	-	67,527	-	67,527
Denmark	89,441	-	89,441	-	-	89,441	-	89,441
Finland	102,145	-	102,145	-	-	102,145	-	102,145
France	73,817	-	73,817	-	-	73,817	-	73,817
Germany	279,820	-	279,820	-	-	279,820	-	279,820
Italy	50,082	79,273	129,355	-	-	-	129,355	79,273
Japan	319,671	-	319,671	-	-	319,531	140	319,671
Netherlands	24,515	-	24,515	-	-	22,778	1,737	24,515
Portugal	26,447	-	26,447	-	-	26,447	-	26,447
Spain	36,468	-	36,468	20,294	5,884	10,290	-	10,290
Sweden	226,155	-	226,155	17,079	-	209,076	-	209,076
Switzerland	409,341	-	409,341	-	-	409,341	-	409,341
United Kingdom	17,834	-	17,834	-	17,834	-	-	-
	1,761,912	79,273	1,841,185	37,373	23,718	1,643,777	136,317	1,724,927

¹This column represents the total identified withholding tax split by the reclaim mechanisms as described above.

²This column represents the total withholding tax recovered by the custodian.


³This column represents the withholding tax claims that are currently being filed by the custodian.

⁴This column represents the total withholding tax where documentation is required to be completed by ERSRI in order to submit the tax claim. In addition to providing documentation, ERSRI may be required to furnish supporting documents should the various tax offices query tax claims.










⁵This column represents claims which the custodian is not pursuing. This is either as a result of no claim eligibility or due to the claim not meeting the minimum value threshold.

⁶This column represents the total withholding tax that WTax will be able to recover for ERSRI. WTax will handle the entire process from claim identification to completing tax forms, only charging a fee as a percentage of refunds.

06. | Service and Pricing Models

Service offering	FY 2022	FY 2023	FY 2024
 FULL RECLAIM PLUS RELIEF AT SOURCE			
<p>This service caters for clients who would like to completely outsource their entire foreign investment withholding tax function whereby WTax completes all paperwork for relief at source, handles the submission of documents to the custodian and monitors the success of relief at source. For any markets where relief at source is not available or is not successful, WTax performs all reclaims across all markets and claim types and handles the entire process from beginning to end. An extensive list of the WTax services included are outlined on the following page.</p>			
ESTIMATED TAX RECLAIM INCOME*	+/- \$1,000,000*	+/- \$1,000,000*	+/- \$1,000,000*
FEES			
RELIEF AT SOURCE AND ADMINISTRATIVE SUPPORT	Fixed fee: \$15,000 per quarter	Fixed fee: \$15,250 per quarter	Fixed fee: \$15,500 per quarter
WITHHOLDING TAX RECLAIMS	8% of successful reclaims	8% of successful reclaims	8% of successful reclaims

* We have analyzed the investment territories in the above data analysis and expect the average withholding tax recoveries to be approximately \$1,000,000 annually. This estimation has taken the probability of successful payment into account, however, due to the number of variables in the tax reclaim process, the actual timing of these recoveries may differ. It should be further emphasized that the WTax reclaim fees will always be aligned to the tax refund.

	 FULL SERVICE MODELS	
	 Full Reclaim + RAS	 Full Reclaim
 WITHHOLDING TAX RELIEF		
Completely outsourced withholding tax relief and reclaim function	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 WITHHOLDING TAX RECLAIMS		
Comprehensive DTT and Exemption claim coverage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Guaranteed optimization of all future withholding tax recoveries	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
DTT and Exemption claim coverage in markets not covered by custodians	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ECJ claim coverage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 DOCUMENT COMPLETION		
Document completion for custodian-driven withholding tax forms	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Document completion for Relief at source documents	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Document collection and claim compilation for claims filed by WTax	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Acquiring of residency certificates for claims filed by WTax	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 ADDITIONAL SUPPORT		
Centralization of the entire withholding process with a single service provider	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Assistance with accounting accruals and monthly reconciliations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assignment of a dedicated Client Relationship Manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ongoing liaison with foreign tax offices to expedite refunds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Access to an indirect tax recovery team comprising over 100 lawyers, public accountants, actuaries and tax experts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Automatic access to new jurisdictions in which withholding tax recovery opportunities are "unlocked"	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Access to near-real-time online reporting with reports available for download	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 ADD-ONS		
Query Takeover	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Appeal Assistance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Claim Purchase	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 FEES		
Fee structure	Retainer + Success Based %	Success based %



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