

F/TAX EU

In reaction to the obligations of the legal reporting and to the needs for reconciliation, linked to the Directive of the European Council (2003/48/EC) on taxation of savings income in form of interest payments, and also to those linked with the signed agreements between the European community and third countries on the same subject.

CONTEXT

It is foreseen that from January 1st, 2005 the EU member countries exchange information on savings income in the form of interest payments, received by non-resident EU nationals.

Paying Agents based in Luxembourg, Belgium and Austria, as well as in third countries like Switzerland, do not have to participate in the information exchange system, but will establish a system of withholding taxes on the interest income received by their clients who are non-resident EU nationals, in case these clients do not authorize the Paying Agent to exchange information.

These two options lead to obligations for the Paying Agent, to provide both their local authorities with reports and electronic files with the required data and their customers with information on withheld taxes or the exchanged data.

SOLUTION

Benefiting from our experience with F/TAX QI, implemented in more than 50 banks in 4 countries (CH, GE, LU, IT), we will offer you our new reporting and reconciliation software that responds to the requests of the Savings Directive.

Based on our data dictionary we collect the necessary information for processing. The data imported from the banking system can then be verified and manually, or automatically, modified.

Once the reports have been generated, the audit function permits to return to the source data. It is also possible to export data and reports in .xls format or to print them in .pdf format.

Various rules for verification of data coherence and production of exception reports have been implemented.

Legal reports and validation rules are automatically parameterized in order to correspond to all specificities in the legislation of each country processed by the software.

In addition to the reports, the software also produces the electronic data files, in the formats required by local and European authorities.

The countries covered by the application are Switzerland, Luxemburg, Germany, Monaco, UK and Liechtenstein. The number of countries can be extended upon request.

ADVANTAGES

- F/TAX EU is based on the same functional logic as F/TAX QI
- F/TAX EU allows to control and validate the data from the banking system
- F/TAX EU permits an audit of the user modifications
- F/TAX EU is maintained up-to-date in cooperation with KPMG Tax Advisers Luxembourg

FUNCTIONNALITIES

Reports to the authorities:

- Statement on interest income and withholding tax, sorted by country (Withholding tax)
- Electronic file of revenues from interests, sorted by revenue type and country (Exchange of information)

Reports for the clients:

- Tax statement on withholding tax on interest income (Withholding tax); the client will have the possibility to demand a tax credit in his tax return, equal to the amount of the withholding tax
- Statement on interest income that has been transmitted to the tax authorities

Internal reports:

- Exception and reconciliation reports (Tax, client status,...)

Controls:

- Validation rules: verification of the coherence of the data

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