

Austrian Asset and Wealth Management News Tax and Regulatory Reporting



Issue 16, December 2016

Editorial

Dear Clients,



“The same procedure as last year? The same procedure as every year!” We would like to remind you that the annual registration deadline with OeKB is approaching. Please register any new share classes until 15 December 2016, in order to avoid lump-sum taxation at calendar year-end.

Also, in addition to our previous newsletters, we have summarised further updates to our new tax reporting regime, such as detailed country-specific dividend reporting requirements, a detailed view on the OeKB filing process, as well as a newly introduced additional requirement (to report the number of shares outstanding at filing date) in this newsletter.

We wish you happy holidays and a good start into a successful year 2017.

Thomas Steinbauer

Annual OeKB registration deadline – 15 December 2016

In order to avoid the deduction of a lump-sum tax on deposits of Austrian private investors at the end of the calendar year, it is important to verify if your records of share classes in which Austrian investors are invested are in line with the registered share classes in Austria.

Are you affected?

In both of the following two cases no action is required on your part:

- Your range of share classes subject to Austrian tax reporting has remained unchanged since the last annual tax reporting.
- You have already set up a process, which ensures that all required share classes are registered with the Oesterreichische Kontrollbank (“OeKB”), or you have agreed on a separate registration process with us.

If new or existing non-reporting share classes have been distributed to Austrian private investors during this calendar year, the following has to be considered:

Legal registration deadline

Share classes are to be registered as reporting funds with OeKB by 15 December 2016 at the very latest, if:

- the share class has been registered for public distribution with the Austrian Financial Market Authority (FMA)
- the share class was not registered with the Austrian FMA for public distribution but has been sold on a private-placement basis in Austria.

In this issue

- Annual OeKB registration deadline – 15 December 2016
- The new fund reporting regime in Austria

Please note: Registration of share classes with OeKB (obtaining Austrian tax transparency status for share classes) for the calendar year 2016 will not be possible after this deadline. For share classes not registered with OeKB by 15 December 2016, the lump-sum taxation as at 31 December 2016 applies for those Austrian

private investors who hold such shares in an Austrian deposit.

Your action

Please check if all share classes of your funds in which Austrian shareholders are invested are currently registered with OeKB. If additional share classes require reporting-fund status in

Austria, please get in touch with your main contact at PwC Austria as soon as possible, so we can register the relevant share classes in time.



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The new fund reporting regime in Austria

As we mentioned in our last newsletter, since 6 June 2016 the Fund Reporting Ordinance 2015 (FMV 2015) has been in place and provides for the harmonisation of the publication of Austrian tax figures for both domestic and foreign funds.

Under the new reporting regime a much more comprehensive publication for foreign investment funds is possible and has become market practice. Since the FMV 2015 has been in place it is possible (and common practice) for foreign funds to report the same level of tax details as Austrian domiciled funds. The aim of this detailed reporting is to allow full tax transparency for all investor groups, so that all Austrian investors can benefit from all tax advantages in non-Austrian funds.

New reporting process between tax representative and OeKB

A new reporting process of Austrian tax figures between Austrian tax representatives and the OeKB has been implemented. Under the old regime the tax representative was responsible for calculating the total taxable amount as well as the corresponding Austrian withholding tax and carried out the reporting followed by a receipt confirmation by OeKB.

Figure 1: Old reporting regime



Reporting process under the new regime

Several steps have to be taken by the Austrian tax representative to report the Austrian tax figures of a fund to OeKB:

- The tax representative reports the tax buckets (including dividends and withholding tax on country level) to OeKB.
- OeKB processes the different income components and calculates the taxable income in accordance with the legal requirements issued by the Austrian Ministry of Finance. Once finished, they send the result back to the Austrian tax representative.
- The Austrian tax representative reviews the result, verifies the figures in an additional step and confirms to OeKB that the delivered income buckets are correct and that the tax figures can be published.
- OeKB publishes the tax base and the Austrian withholding tax on their website.

In the course of implementation of the process several OeKB checks have been integrated in connection with basic data of the funds (e.g. currency, launch or close dates). These checks may lead to an error message (see figure 3, pg. 4) and therefore need to be reported again. We are working closely together with OeKB in keeping their database as well as our own records up to date and therefore guaranteeing a smoother reporting process and

timely recognition of changes in the funds' basic data.

Corrections of reported figures

If the Austrian tax figures for DDI or distribution of a fund have been reported to OeKB and afterwards the Austrian tax representative discovers an error in the reported figures (e.g. data provided by the administrator changes significantly in the course of the audit of the fund), a correction of these figures can be carried out by the Austrian tax representative. This correction is possible until the 15 December of each calendar year. In case of such a correction, the Austrian tax representative sends an update on already published tax figures in the same process as described above. Previously reported figures already published on OeKB's website cannot be deleted but expire after the completion of the update process.

Dividend and withholding tax reporting on country level

The reporting format for dividend income and WHT is now even more complex, as dividend income and withholding taxes must be processed on a country basis for each share class.

This adds a new step to our calculations as we have to reconcile dividend income reports by country with trial balances on share class level in a first step and further with P&L accounts on (sub)fund level in the audited annual report.

Furthermore, the same levels of detail are to be considered for any underlying target funds. In case the target funds are tax transparent in Austria, the entire publication in accordance with the FMV 2015 (including all reported details, e.g. dividend income and WHT on country level) has to be considered and included in the calculation of the Austrian tax figures of your funds. We have developed new tools to reconcile dividend income reports by country with trial balances on share class level and are in constant dialogue with various fund administrators to ensure that PwC Austria can provide the most comprehensive reporting for all clients.

As you can see in the screenshot of the publication on OeKB's website, the level of detail on a dividend split per share at country level depicts full transparency.

Shares outstanding at the reporting date

The Austrian Ministry of Finance recently announced that from 1 April 2017 onwards additional information in connection with shares outstanding at the reporting date must be included in all tax filings to OeKB (distribution reporting as well as annual DDI reporting).

That means an additional step is added to the information exchange between the Austrian tax representative and the administrator. In the past the Austrian tax representative received all necessary information for the preparation and reporting of Austrian tax figures from the administrator approximately 3 months after the financial year end of the fund and was able to complete the reporting (apart from minor further requests) based on the data received. The new requirements lead to an

additional step in the exchange of information, as the Austrian tax representative has to request the shares outstanding at the reporting date from the administrator before reporting to OeKB (number of shares outstanding 2-3 business days before the reporting will be seen as market practice).

Summing up, another level of complexity is added to the reporting process in the future. We are going to reach out to administrators to set up a new process and ensure reporting deadlines are being met at accustomed standards.



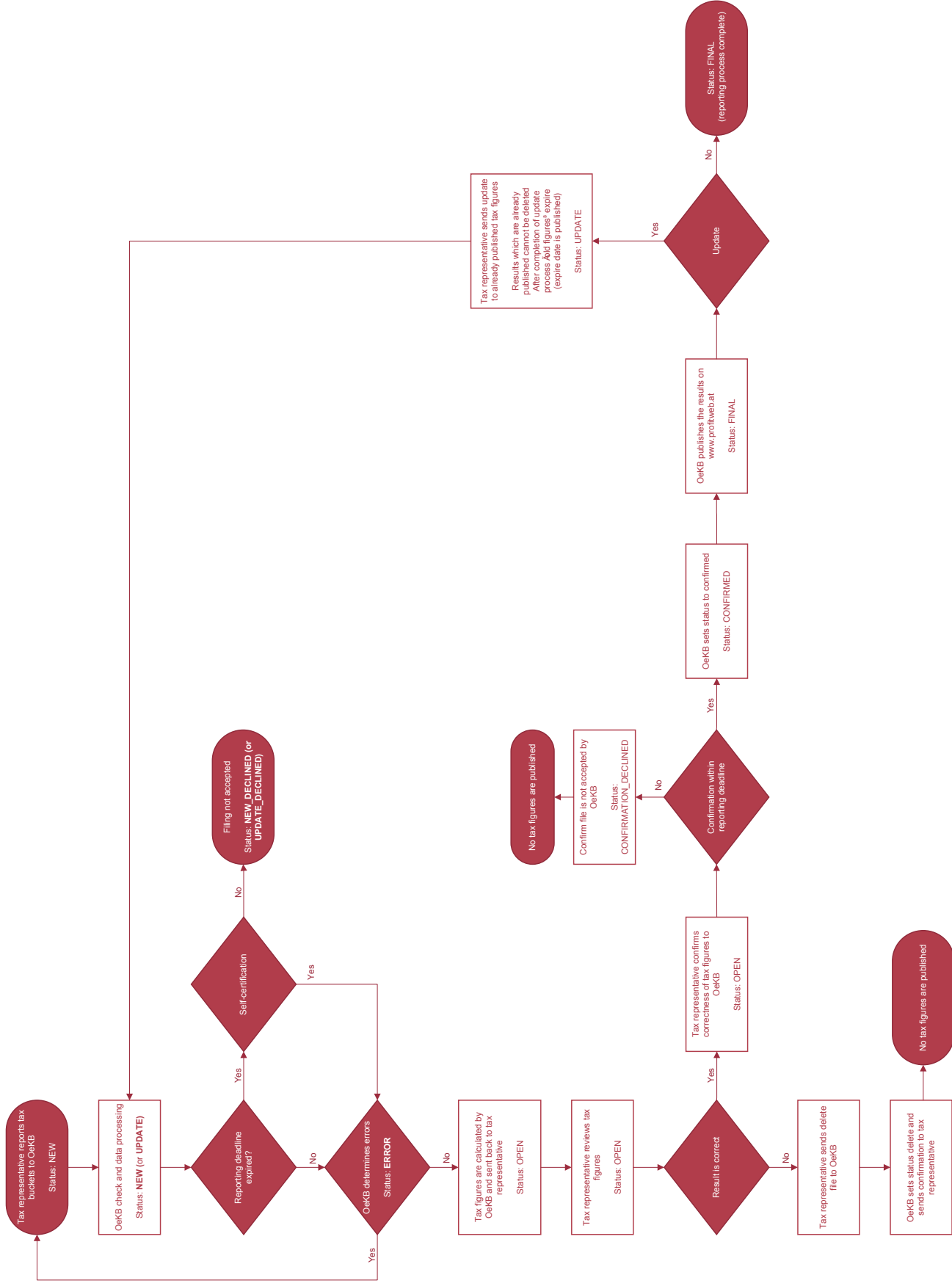
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Figure 2: Dividend and withholding tax reporting on country level

Steuerliche Behandlung je Anteil		Dividenden je Anteil		Zinsen je Anteil		Zinsen Altmissionen je Anteil		Ausschüttungen Subfonds je Anteil											
Bezeichnung	Summe	AT	BE	CH	DE	DK	ES	FI	FR	GB	IE	IT	JE	LU	NL	NO	ohne	PT	SE
Betrag Dividende - Direktanlage ohne Schachtel-dividende - je Anteil (brutto) Ausnahme: X1 und X2 -> netto	0,8077	0,0033	0,0286	0,0000	0,2665	0,0000	0,0638	0,0455	0,2543	0,0012	0,0090	0,0517	0,0000	0,0051	0,0727	0,0000	0,0009	0,0052	0,0000
Betrag Dividende (brutto) - je Anteil Ausnahme: X1 und X2 -> netto	0,8077	0,0033	0,0286	0,0000	0,2665	0,0000	0,0638	0,0455	0,2543	0,0012	0,0090	0,0517	0,0000	0,0051	0,0727	0,0000	0,0009	0,0052	0,0000
Ertragsausgleich Dividende - Direktanlage ohne Schachteldividende - je Anteil	-0,2166	-0,0007	-0,0073	0,0000	-0,0722	0,0000	-0,0198	-0,0123	-0,0703	-0,0004	-0,0044	-0,0044	0,0000	-0,0015	-0,0220	0,0000	-0,0001	-0,0011	0,0000
Ertragsausgleich Dividende - Schachteldividenden Direktanlage - je Anteil	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000
Ertragsausgleich Dividende - je Anteil	-0,2166	-0,0007	-0,0073	0,0000	-0,0722	0,0000	-0,0198	-0,0123	-0,0703	-0,0004	-0,0044	-0,0044	0,0000	-0,0015	-0,0220	0,0000	-0,0001	-0,0011	0,0000
Dividenden Direktanlage ohne Schachteldividende - tatsächlich bezahlte Quellen-steuer (oder KEST) - je Anteil	0,1140	0,0006	0,0077	0,0000	0,0618	0,0000	0,0121	0,0073	0,0012	0,0000	0,0008	0,0116	0,0000	0,0008	0,0087	0,0000	0,0000	0,0013	0,0000

Figure 3: New reporting process between tax representative and OeKB



Who we are and how our Asset and Wealth Management team can assist you

We are the Austrian market leader with regards to the tax representation of foreign funds in Austria. Thus, our clients are benefiting from our extensive experience with the calculation of the annual DDI and distribution figures as well as the reporting process itself.

This includes also support with the implementation, analysis and testing of technical tax and regulatory reporting requirements for funds and fund management companies.

We use high-end technical infrastructure for data processing and have a dedicated team of nine senior staff and about fifteen junior level staff to support you with your business challenges.

Our Asset and Wealth Management Team

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Copyright and Publisher: PwC Österreich GmbH Wirtschaftsprüfungsgesellschaft, Erdbergstraße 200, 1030 Vienna, Austria
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