Investors and funds tax and regulatory reporting regimes for Traditional and Alternative funds

The European landscape

Overview of the main investors and funds tax and regulatory reporting regimes in Europe.

pwc.lu/global-tax-compliance

Content

Fund reporting is key for a successful cross-border distribution

Despite the related operational challenges, fund reporting is a “must-have” for pan-European fund distribution

Complying with fund tax reporting requirements in Europe is key for successful cross-border fund distribution. It is also one of the biggest challenges fund administrators, promoters and management companies are facing. Each distribution country requires different reporting figures (daily and/or annually), which leads to:

- Highly complex tax computations for each jurisdiction;
- Non-standardised reclassification of accounting figures/financial instruments; and
- The interpretation of highly complex regulatory requirements.

The tax regimes of the main fund-distribution markets require significant efforts in order to fulfill the reporting requirements and reduce the risk of publishing incorrect figures.

Legislation is constantly changing and evolving – even if these changes implement tax rules for foreign funds similar to those for domestic funds, the challenge lies in monitoring how these changes and the complexities they create will affect you.

In addition to the tax reporting, your investors may require the fund to provide information necessary to comply with their own regulatory obligations.

Regulatory reporting will be requested more frequently when your funds are distributed to credit institutions, insurance companies, pension funds, etc.

The default tax rule

The tax rules governing the taxation of income from investment funds in Europe in the hands of investors

In most cases, investments in funds are treated as any other transferable securities unless specific (tax) reporting rules are implemented.

In such cases, income and capital gains from funds are taxed in the same way as any other transferable securities held by investors, based on the local rules of their countries of residence.

Practically this default treatment means that investors are taxed in most countries on a cash-flow basis, whether resulting from dividend distributions, fund redemptions or liquidations.

Any miscompliance with the local rule or wrong reporting may lead to local penalties or result in a reputational damage for the fund.

Nevertheless, certain European countries have adopted specific tax reporting regimes for investment funds, some more complex than others and with varying levels of complexity and different requirements (tax representatives, tax registration, daily/periodic or year-end reporting, etc.).

The tax legislation is regularly evolving, which increases again the complexity of the reporting.

In most of these countries, meeting these reporting requirements is seen as a hurdle that must be overcome to achieve market entry.

A growing reporting trend in the Alternative industry

The retailisation of alternative asset management

Over the last years, the Luxembourg market has seen a tremendous growth in the alternative asset management practice. AIFMD regulation together with local legislations have created a favourable environment for the set-up of alternative investment vehicles (such as the RAIF or the SCS in Luxembourg).

With the emergence of new products and the growing appetite from investors for alternative assets and investment strategies, a new wave of cross-border distribution in the Alternative sector has emerged. Asset managers are not only targeting institutional investors, they also create new products addressed to a wider “non professional” public looking for alternative sources of returns. Depending on the domicile of these investors, different tax and/or regulatory reporting may be required in order to optimise the after-tax return of the investments. In the UCITS world, entering into these reporting regimes is already a strong market practice. If alternative asset managers want to be successful in their European expansion, they will need to understand the local tax practice and where relevant, provide investors with the necessary information in order to meet their requirements. When eligible to the local tax regime, a reporting fund will benefit from a competitive advantage compared to a non reporting fund providing the same investment strategy and be more attractive for foreign investors.

When the investment vehicle has a transparent form (i.e. partnership), the partners of the fund will require look-through information on the income of the fund in order to file their own individual income tax return. In some countries, a specific partnership tax reporting is required under a specific format (i.e. Germany, the USA, etc.). In other countries, despite the absence of a specific reporting framework, investors will expect to receive the necessary information to be able to comply with their tax obligations. Asset managers should review their obligations (legal or contractual) and be ready to provide such tax information to their investors.

In addition, institutional investors, depending on their type (credit institutions, pension funds, insurers, etc.) and their country of domicile, are expecting to obtain a certain set of information (in predefined format) in order to comply with their own local obligations. The provision of such reporting like CRR or Solvency II for example, are a prerequisite to invest into the fund.

The European landscape

Overview of the main investors and funds tax and regulatory reporting regimes in Europe per type of investor and country of distribution.

France

Main reporting regime

PEA regime

There are two specific saving schemes available to investors in equity funds under certain conditions: the “Plan d’Épargne en Actions” (PEA) and the PEA PME. Each regime provides an income tax exemption at investor level for income and capital gains earned by the fund from qualifying equities. Several conditions (e.g. investment policy and holding period) must be satisfied.

Other regimes

209-OA

Similar to the PEA, the 209-OA regime presents stricter minimum equity investment requirements (investment ratio conditions to be met by the fund) and allows tax exemption to corporate investors on differences in net asset values at the beginning and at the end of the year.

Rebate on capital gains/Distribution reporting

Investors can benefit from tax exemptions on fund distributions and capital gains related to certain equities held by the fund (securities acquired before 1st January 2018 and provided that the individual investor made the election for the taxation at the progressive income tax.)

Impôt sur la Fortune Immobilière “IFI”

Since 2018, French residents are subject to the IFI which covers worldwide properties held directly or indirectly. Real estate assets held indirectly via an investment fund have to be declared unless the investor is holding less than 10% of shares of the fund and the fund is invested in less than 20% of real estate assets.

Switzerland

Main reporting regime

Swiss Tax Reporting

Foreign funds that have been registered for public distribution in Switzerland are legally obliged to report on a transparent basis to Swiss private investors, this includes the provision of the Swiss taxable income. The determination of the Swiss taxable income is based on the requirements for Swiss tax reporting of foreign collective investment vehicles outlined in Circular Letter no. 25 with reference to Circular Letter no. 24.

Swiss private investors can benefit from an advantageous tax regime if the fund reports its taxable income annually. Otherwise, private investors will not be able to distinguish the tax-exempt portion (i.e. capital gains) from the taxable portion (i.e. interest and dividends). Therefore, it is highly recommended to make this information available to Swiss private investors to protect them from prohibitive income taxation.

Foreign Funds, which are not registered for public distribution in Switzerland, have generally no legal obligation to annually provide the Swiss fund tax reporting to its investors. As well as for registered funds, it is highly recommended to make this information (e.g. provision of a tax statement) available to Swiss private investors to protect them from being assessed by the tax authorities upon discretion, which is not in favour of the Swiss private investors.

Italy

Main reporting regime

Italian Tax Reporting ("IRRP" or "Bonds Fraction Tax Reporting")

Fund investors can benefit from a lower tax rate (12,5% instead of 26%) on distributions and capital gains from the fund to the extent those relate to investments in certain eligible bonds (mainly government bonds and bonds issued by supra-national bodies). The percentage of qualifying bonds in the fund portfolio is to be calculated twice a year (asset test).

Inheritance Tax Reporting

Inheritance tax applies to transfers of property and rights (worldwide) upon the Italian resident's death. As for direct investments, "indirect" investments (i.e., through funds) in bonds and other eligible securities issued by EU and EEA Member States are excluded from the inheritance estate and, therefore, not subject to inheritance tax. The percentage of qualifying bonds in the fund portfolio is to be calculated at the date of the death.

PIR ("Piani Individuali di Risparmio") - tax-exempt investment plan for Italian retail investors

Special tax incentive scheme for "long-term savings plans" (at least 5 years holding period) that allows a relief on Income and Inheritance tax for individuals under certain conditions. From 2020 Italian retail investors can also invest through a new kind of tax-exempt "long-term saving plan" called "Alternative PIR". The latter could be established in the form of AIF (e.g., ELTIF, Private Equity funds, Private Debt funds and credit funds).

Points of attention

Asset test (white list) and bi-annual reporting.

Other regimes

Distribution Reporting

In the event of dividend distributions, funds may provide the paying agent with a breakdown of the distributed amount in order to identify the portion of income from capital (taxable) and the portion of capital repayment (non taxable).

Luxembourg

Main reporting regime

Abonnement Tax

Investment funds are subject to a subscription tax on their total net assets valued at the last day of each quarter. Institutional funds and monetary funds are subject to an annual rate of 0.01% and the other funds to an annual rate of 0.05%. ETF and monetary institutional funds are exempt from subscription tax.

Reduced tax rate on ESG assets

Since 2021, a new opportunity of "taxe d'abonnement" reduction applies to investment funds investing in sustainable activities as defined by the taxonomy (Regulation EU 2020/852).

Funds can benefit a degressive tax rates for the portion of net assets that is invested into assets that comply with the Taxonomy.

Other regimes

Tax levy on Luxembourg real estate

Since 2021, AIFs with a corporate form investing directly or indirectly in real estate sited in Luxembourg are subject to a tax levy of 20% on the gross rental income and net capital gains generated from luxembourg real estate investments.

Legend

- Mainstream funds
- Alternative funds
- Retail
- Institutionals
- Corporate
- Mandatory
- Strong market practice
- Frequent

For more details, please visit our **Investor tax and regulatory reporting** webpage by scanning the below QR code.

The European landscape

Overview of the main investors and funds tax and regulatory reporting regimes in Europe per type of investor and country of distribution.

Liechtenstein

Main reporting regime

Tax reporting for corporate investors

Since the Tax Law was amended in 2014, income and capital gains at fund level (distributed or accumulated) have been subject to income tax at investor level. Nevertheless, corporate investors can benefit from tax exemptions on dividends and capital gains derived from equities. This can be achieved either by way of a simplified approach (pro rata exemption to the extent the fund is invested in participations in corporations) or by way of an “ordinary” approach (exemption based on breakdown of fund earnings).

Spain

Main reporting regime

Tax deferral scheme (traspasos regime)

The regime allows capital gains from disposals of fund units (fully taxable) to be deferred if investors subscribe for units of another fund in the same amount. Certain conditions must be satisfied by the fund and by the Spanish distributor.

Belgium

Main reporting regime

Net Asset Tax

The NAT is a tax of 0.0925% paid by the fund and calculated on the total of the net assets invested in Belgium as at 31 December of each year. The tax rate is reduced to 0.01% for share classes reserved to institutional investors.

Belgian Taxable Income per Share - Art 19 bis of the Belgian Income Tax Code (the "BTIS")

Capital gains realised on shares of capitalising collective investment funds investing more than 10%/25% (shares acquired after 2018/ acquired before 2018) of their assets in debt and cash instruments are subject to a withholding tax of 30%. An asset test should be calculated annually to determine the portion of capital gains subject to the taxation and should be published within five months after the financial year-end of the fund. If it is not made available, 100% of the capital gains will be taxable.

For bond or mixed funds, the BTIS must be reported daily and provided to the Belgian paying agents for private investors in order to determine to which extent capital gains from fund redemptions are taxable in the hands of investors. If no BTIS is calculated for a particular fund, the asset test is used to calculate the taxable amount.

Points of attention

NAT reporting deadline / Current litigation procedure on the Belgian NAT with possibility to introduce a reclaim for the tax paid. Asset test publication deadline.

Other regimes

Reporting for contractual funds (FCP)

In Belgium, contractual mutual funds are considered fiscally transparent. As a result, contractual mutual funds must provide on an annual basis a breakdown of the income received by the fund that Belgian (corporate or individual) investors will include in their income tax returns.

Distribution reporting

In the event of dividend distributions, investors may benefit from some tax exemptions if the fund provides the paying agent with a breakdown of the distributed amount into the income and capital gains earned by the fund.

Cayman tax

Introduced in 2013 to prevent tax evasion, the Cayman tax regime applies to Belgian investors holding assets in low taxed foreign entities (Trusts and Companies with no or below 15% corporate income tax). The regime involves reporting obligations and taxation of income, capital gains (look-through principle) and distributions.

DRD SICAV regime (or "RDT SICAV")

Dividends distributed by a DRD SICAV and capital gains earned from the sale or redemption of shares, or in the event of a liquidation of a DRD SICAV, are exempt from corporate income tax under certain conditions. The DRD SICAV regime is applicable to corporate investors.

Legend

- Mainstream funds
- Alternative funds
- Retail
- Institutionals
- Corporate
- Mandatory
- Strong market practice
- Frequent

For more details, please visit our **Investor tax and regulatory reporting** webpage by scanning the below QR code.

The European landscape

Overview of the main investors and funds tax and regulatory reporting regimes in Europe per type of investor and country of distribution.

Germany

Main reporting regime

German Investment Tax Act - German tax reporting under "Retail fund" regime

Under the Retail fund regime, German investors are taxed on distribution, capital gains and on annual preliminary lump sum determined as of calendar year-end and mainly based on NAV. Payment of tax is due within 30 days after calendar year-end German. Paying agents are expected to withhold the taxation from German securities accounts. Partial tax exemptions apply depending on fund classification (equity /mixed fund classification for funds investing more that 50% / 25% in equities). A daily equity ratio monitoring is required and a daily calculation and publication may be requested for funds invested by other funds.

German Partnership reporting

AIFs with the legal form of a partnership do not fall under the scope of the German Investment Tax Act and are treated as a transparent entity according to German income tax law. The taxable income or loss of the partnership flows through to the partners at the end of the partnership's tax year ("look-through" principle). The German investors are subject to German tax compliance obligations including the filing of German tax returns for a separate and uniform tax assessment (Erklärung zur gesonderten und einheitlichen Gewinnfeststellung). Hence, the fund needs to provide the German investors with the relevant information for them in order to enable them to file their respective tax returns.

Points of attention

Fund registration to WM Datenservice / Partial tax exemption regime.

Daily equity ratio and annual lump sum prepayment.

Other regimes

German Investment Tax Act - German tax reporting under "Special Fund" regime

Only funds complying with specific criterias can access the Special Fund tax reporting regime. The Special Fund regime is a transparency regime with daily, distribution and financial year-end reporting.

Fund status certificate and corporate income tax

Funds status certificate allows to benefit from reduced WHT tax rate on German source income.

Funds are subject to the corporate income tax on certain German source income. Simplified notification procedure introduced.

Real Estate Transfer Tax (RETT)

Since 2021, the regulation related to RETT has been tightened, making it more difficult to avoid the taxation on sale of German real estate held directly or indirectly via a company or a partnership. Under new rules, the RETT (from 3,5% to 6,5% depending on the Federal state on the fair value of the real estate) is due in case of transfer of 90% of the shares of a real estate owning entity held within a 10 years period.

Nordic countries

Main reporting regime

Norway - Norwegian Tax Reporting

Foreign investment funds may report tax information to its Norwegian investors in order to allow Norwegian investors to benefit from tax exemptions. This consists mainly in:

- Equity portion to be reported on 1 January of each year to investors;
- Distribution breakdowns to be provided to Norwegian investors (income vs capital gains).

Please note that the reporting/information only is applicable for funds classified as securities funds ("verdipapirfond") under the Norwegian Tax Act. Alternative investments funds do often not qualify under this classification and hence reporting/information to the investors will not be necessary for tax purposes.

Sweden - Swedish Tax Reporting

Foreign funds are as a main rule required to file a statement on dividend distributions, capital gains/losses and standard income on fund holding per Swedish tax resident investor who is a natural person or estate. Exemption from this requirement may exist for a foreign fund depending on e.g. type of fund and whether the fund shares are held through any intermediary.

Denmark - Danish Tax Reporting

The equity-based investment company regime offers an attractive tax regime for Danish retail investors in foreign equity funds (at least 50% assets invested in equity). The fund must be registered as an equity-based investment company before 1st November of the previous year to enter the regime. An annual compliance reporting (asset test) should be performed and reported to Danish tax authorities no later than 1 July of the following year.

Points of attention

Upfront registration required before the 1st November of the preceding reporting year and annual compliance obligations.

Other regimes

Denmark - "Investment Fund with Minimum taxation" ("IMB") regime and "Investment Company" regime

The investment funds shall calculate a minimum income of the fund/sub-fund annually based on a principle of transparency. Investors of reporting funds are taxed on the annual minimum income of the fund, and realised gains/income upon disposal of assets instead of market-to-market taxation (i.e. gains based on increased market value). This regime is however difficult to put into practice for foreign funds (complex calculation, burdensome rules...).

Foreign funds without the IMB status or the Equity based investment company regime generally qualify as "investment companies" and are taxed on the capital income.income tax). The regime involves reporting obligations and taxation of income, capital gains (look-through principle) and distributions.

Legend

- Mainstream funds
- Alternative funds
- Retail
- Institutionals
- Corporate
- Mandatory
- Strong market practice
- Frequent

For more details, please visit our **Investor tax and regulatory reporting** webpage by scanning the below QR code.

The European landscape

Overview of the main investors and funds tax and regulatory reporting regimes in Europe per type of investor and country of distribution.

United Kingdom

Main reporting regime

UK Reporting Fund Status (UK RFS)

This regime allows an offshore fund (under certain conditions) to be treated as if it were a UK Fund for investor taxation purposes.

The fund has to report annually its 'income' returns to UK investors and HMRC. Investors suffer tax on the income returns of the fund but benefit from a reduced tax rate on gains realised on exit from the fund.

To enter the UK RFS regime, the fund must register its share classes (upfront application) before the end of the financial year of the fund to HMRC.

Points of attention

Eligibility analysis for non UCITS funds.

Upfront application and reporting deadlines.

Deemed income from bond funds (>60% debt) will be taxable at standard income tax rates for individuals (45% for additional rate payers) as opposed to income tax dividend rates (38.1% for additional rate payers in 2021/22, rising to 39.35% in 2022/23).

Complex investments (derivatives, bonds, target funds) may require additional adjustments.

Other regimes

Non resident capital gain tax on indirect disposals of UK real estate

The capital gain tax regime applies to non-resident funds holding more than 25% in an entity that derives 75% or more of its gross asset value from UK land (this could include UK REITs but also other property rich companies). Foreign funds are subject to the corporate taxation (notification procedure and annual tax return filing) on such disposals and can make elections such that these gains arise directly to the investors. Application of the DTT between the country of residence of the fund and the UK may reduce the tax liability.

NEW Qualifying Asset Holding Company (QAHC) - New UK Taxation Regime

New regime for SPVs to enter into force as from April 2022 that aims to reinforce the competitiveness of the fund industry in the UK. Provided certain conditions are met, QAHCs will benefit from certain tax advantages intended so that investors are in the same position as if they had invested in underlying investments directly. Advantageous for structuring investments to obtain DTT access.

Partnerships

Unlike UK Partnerships, foreign partnerships distributed to UK investors have no obligation to file an annual partnership return in the UK. However, UK partners will need to receive certain obligations to meet their own reporting obligations.

The Netherlands

Other regimes

The FBI regime

As a general rule, Dutch private investors are taxed on an annual deemed capital income (regardless of the income and the capital gains made on the fund's investments) at a rate of 2% or 6% depending on the net wealth of the investor. The FBI regime allows investors to be able to credit the WHT on the (FBI) distributions against their Personal Income Tax liability (calculated in accordance with the deemed return).

Being subject to the Dutch corporate income tax (at a rate of 0%), the FBI status gives the fund access to the Dutch tax treaty network (under conditions such as the minimum percentage of Dutch residents in the FBI). The FBI is required to withhold tax on its dividend distributions (i.e. at a rate of 15%). However, subject to a few conditions, the FBI is in principle allowed to deduct the WHT on its own income from the amount it needs to pay to the DTA on its distribution. This mechanic allows most investors to be able to credit the Dutch withholding tax (as that was actually withheld on their income), effectively passing along the underlying investment WHT to the investors.

In principle the FBI-regime is open to both Dutch and foreign investors (both individuals and institutions), though treaty access may be dependent on the percentage of Dutch investors as a result of which we see some funds limiting the number of foreign investors.

Austria

Main reporting regime

Austrian Tax Reporting

In order to access the Austrian "Reporting funds" regime, foreign investment funds have to appoint an Austrian tax representative, who will be responsible for the registration of the fund and its share classes, the calculation of the tax figures (deemed distributed income (DDI) and distributions) and the reporting to the Oesterreichische Kontrollbank (OeKB).

- Reporting share classes need to be registered to the OeKB before 23 December of the previous year to be reportable.
- The annual DDI reporting has to be carried out on an annual basis (within seven months after the financial year-end of the fund).

Points of attention

Local tax representative, upfront registration to OEKB and annual reporting deadline.

Reporting before mergers for the absorbed sub-fund.

Legend

- Mainstream funds
- Alternative funds
- Retail
- Institutionals
- Corporate
- Mandatory
- Strong market practice
- Frequent

For more details, please visit our **Investor tax and regulatory reporting** webpage by scanning the below QR code.

Main regulatory reporting regimes

Insurance companies	Credit institutions	Pension schemes	Retail clients	Supervisory authorities
Solvency II European PRIIPS Template	Solvability Reporting Liquidity Reporting Own funds deduction CVA charge	COVIP	PRIIPS KID UCITS KIID EPT / EMT EET ESG KID	AIFMD MMF Reporting
VAG	GroMiKV	QMV		
		VAG		

PwC end-to-end support

Our solution - A one-stop-shop for all your fund reporting needs

PwC support in the fund life cycle

PwC has developed a unique approach to service your needs at every step of the fund life cycle process from the identification of investors' needs and implementation of related processes to the submission of the actual report. We advise most of the major industry players. Our multi-competency teams bring together all our knowledge and recognised senior experts with long-standing industry experience, to provide a seamless and cost-efficient service.

We offer a comprehensive, bespoke and efficient tax reporting service for funds looking to satisfy these tax reporting obligations. Our approach involves close cooperation with fund promoters and their administrators. For many years our expert teams located across Europe, and fully coordinated by Luxembourg, have been working together on a daily basis. PwC can help you meet your funds' tax reporting requirements in Europe but also worldwide (e.g. US tax reporting, Korean tax reporting, Taiwanese tax reporting or HK reporting).

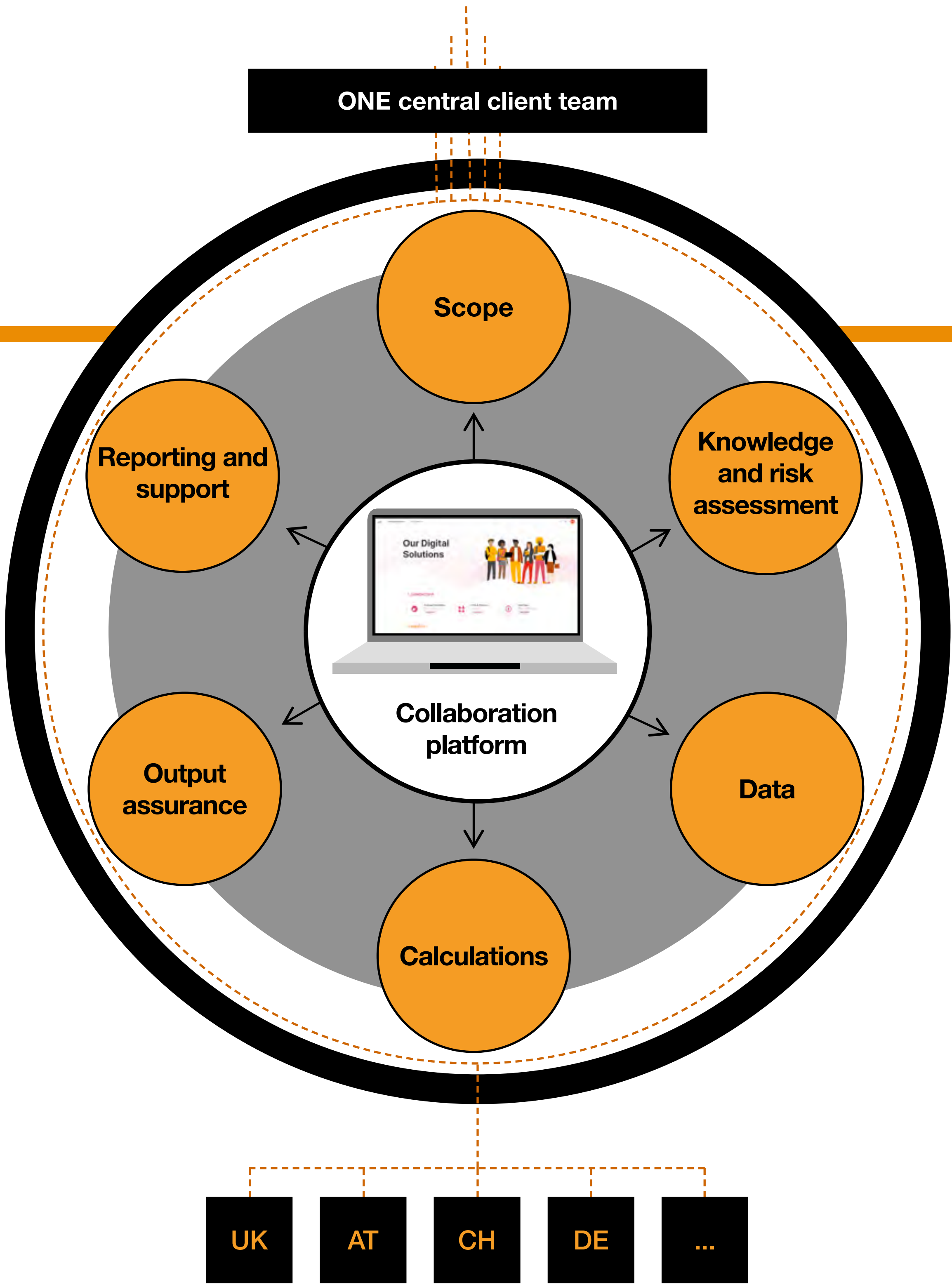
We have also fully integrated a wide range of non-tax investor reporting services such as VAG, Solvency II, GroMiKV, etc. into our solutions.

Our scope of services also includes the reporting to your supervisory authorities (ie AIFMD, MMF reporting) and also pre-contractual information to be provided to your investors (PRIIPS KID, UCITS KI, ESG KID...).

Powered by technology

Collaboration platform

- Our applications interact with each other so that the sum is greater than the parts. Depending on your needs, they collectively and individually provide day-to-day support for the compliance function. In a smart, user-friendly way, they help both your reporting experts and your operational teams understand regulation implications and strategically mitigate risk.



Fully integrated data-driven approach and the ONE interface

We help you to focus on what is important and turn the reporting function into a strategic business asset.

Our proven pan-European approach provides a clear and concise framework for investor reporting services. Our six-stage approach has been developed and enhanced over the last fifteen years to deliver best-in-class market quality. We offer a fully outsourced service model that minimises risk, maximises efficiency and provides insights.

Collaboration platform

Collaborate

Helps keep you your teams informed and synchronised.

Provides access to a centralised management repository where you can find your documents, check on your calendar for compliance deadlines, send messages and view dashboards to monitor work in progress.

- Dashboards and KPI reports;
- Tasks and workflows.

EC / eCS / IRSM / AMDS

Insights

Sheds light on reporting-related data.

Its algorithms sift through transaction and portfolio data to provide smart metrics and analytics and expose related risks.

- Tax libraries and regulatory updates;
- Risk assessments.

EC / 3W / eCS / PBI Reports / FRP

Client pillars

In all fund's life cycle

Fund life cycle

01 Fund set-up

Tax consulting
Assistance in tax considerations during the funds set-up.

Tax representative
Tax representation function mandatory for some countries (i.e. Austria).

02 Tax reporting regime access

Eligibility analysis
Analysis of the eligibility for the regime (set-up and during the life of the fund).

Initial registration
Initial registration of the share classes with the local regulator.

03 Over the year

Daily monitoriting and daily tax figures
- Calculation of/consultation on the daily tax figures;
- Calculation of the equity ratio;
- Periodic review of the daily tax figures.

Assistance in specific queries
- Ad hoc assistance on investors queries;
- Ad hoc assistance on tax administration queries;
- Certification or calculation of the inherence tax reporting;
- Non-tax reporting preparation.

04 Distribution

Distribution reporting
- Periodic calculation/review of the tax figures;
- Calculation/review and reporting of the underlying source of income in the case of distributions.

05 Financial year-end

Annual tax reporting
- Annual calculation/certification of the tax figures;
- Certification or calculation of the bond fraction tax reporting;
- Calculation of the equity portion.

Transmission of tax filing
- Annual or periodic submission of the tax figures to the tax authorities.

06 Fund structuring

Transmission of tax filing
- Assistance in tax considerations in case of merger/liquidation/ transfer in kind.

Tax reporting
- Calculation/review and submission of the tax figures to the tax authorities;
- Determination of the capital component of the liquidation proceed;
- Ad hoc reporting for mergers.

Collaboration platform

Data Hubs

The central place to obtain and share real-time fund information.

Up-to-date fund data exchange repository.

- Daily connection with major fund administrators;
- Single flow of information from you/your service providers to us.

eCS / SFTP / RPA / D4U

Calculate

Dedicated to the calculation and production of the service deliverable.

Provides reporting tools and calculations adapted to specific local situations around the world that are flexible and quickly adaptable to regulatory change.

- Handles big volumes and daily reporting;
- Essential for oversight and strategic planning.

TRT / PEPS / DataCentral

PwC pillars

All countries

Austria

Germany, United Kindgom, Austria, Belgium, Italy, France, Spain, Norway, Denmark

Germany, United Kindgom, Switzerland, Austria, Denmark

Germany, France, Norway, Liechtenstein, Switzerland, Belgium

All countries

Germany, Austria, Italy, France, Norway, Liechtenstein

All countries, except Spain, Denmark

All countries, except France, Spain

All countries

All countries

How do you oversee your tax risks?

The tax function of the future

Investor tax reporting is part of the tax function of the management company. Not complying with the local rules or providing wrong information to investors may have adverse consequences to the management company such as financial penalties or reputational risk.

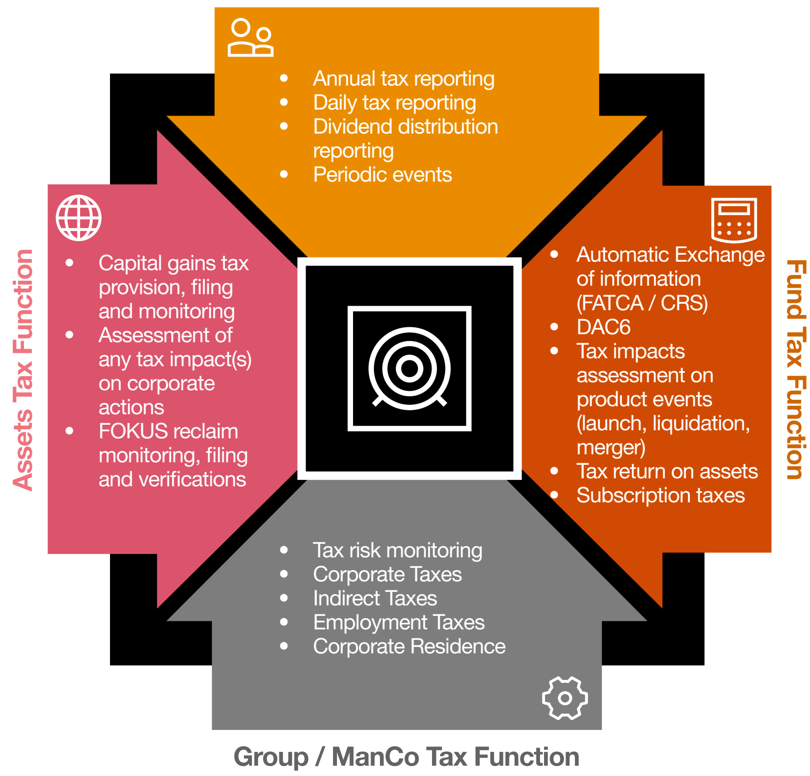
With a tax landscape continuously growing in complexity at international, European and national level, ensuring that the management company is sufficiently equipped to meet its obligations and respond to investors queries is key. Recently, local supervisory authorities have strengthened the duties of the management company with regards to the risk of tax fraud (ie CSSF Circular 20/744 in Luxembourg) and reinforced the importance of the oversight role of the management company on delegated activities.

The tax function model should include a global tax governance framework with a clear identification of the tax risks and the application of appropriate and proportionate controls to mitigate these risks.

Reshaping your tax function - our guide to an efficient tax oversight function

For each of the pillars of the tax function (investor tax function, fund tax function, assets tax function and group tax function), the asset manager should:

The four pillars of a tax function



1. **Identify** the different tax functions within your business and wider organisation and map the tax risks

2. **Assess** which tax functions can be performed in-house or can be delegated and design appropriate procedures and controls

3. **Monitor** the effectiveness of the tax function

- If your functions are delegated: do you correctly oversee the delegated activities?
- If your functions are performed in house: do you have the right processes in place, are your technical and human resources sufficiently equipped to be tax efficient and compliant?

4. **Reshape** to achieve full compliance and remain competitive.

Notes

Contacts

Luxembourg	Oliver Weber	Partner	+352 621 33 3175	oliver.weber@pwc.com
Luxembourg	Christian Heinz	Partner	+352 621 33 2247	christian.heinz@pwc.com
United Kingdom	Elizabeth Stone	Partner	+44 20 780 49678	elizabeth.j.stone@pwc.com
Ireland	Marie Coady	Partner	+353 1 792 6810	marie.coady@pwc.com
Switzerland	Benjamin De Zordi	Partner	+41 58 792 4317	benjamin.de.zordi@pwc.ch
Austria	Thomas Steinbauer	Partner	+43 1 501 88 3639	thomas.steinbauer@pwc.com
France	Laurence Toxé	Partner	+33 1 56 57 47 32	laurence.toxe@avocats.pwc.com
Belgium	Olivier Hermand	Partner	+32 2 710 44 16	olivier.hermand@pwc.com
Italy	Marco Vozzi	Partner	+39 02 9160 5011	marco.vozzi@pwc.com
Norway	Dag Saltnes	Partner	+47 95 26 06 32	dag.saltnes@pwc.com
Germany	Dirk Stiefel	Partner	+49 69 95 85 67 09	dirk.stiefel@pwc.com
Denmark	Henrik Poulsen	Director	+45 3945 9970	henrik.poulsen@pwc.com
The Netherlands	Joep Bertrams	Partner	+31 6 21518681	joep.bertrams@pwc.com

Please note that the objective of this publication is to provide asset managers with an overview of the main tax regimes applicable to the funds and their investors. The list of reporting regimes is not exhaustive and the document does not address all tax implications. The information provided does not constitute advice and we recommend the user to contact PwC to discuss the local tax requirements in more detail.