

For the attention of all EU residents

EUROPEAN UNION SAVINGS TAX DIRECTIVE

This communication outlines the changes which were introduced on 1 July 2005 when the EU implemented its Savings Tax Directive ("the Directive"). The objectives of this Directive are explained on the Guernsey Finance Website www.guernseyfinance.com/publications/3.pdf in the "Guide to the European Savings Tax Directive as applied in Guernsey".

Prior to 1 July 2005, it was the responsibility of individual investors to disclose the interest earned on their accounts to the relevant authorities and that remains the case for interest paid and/or accrued for non-EU residents.

In line with other jurisdictions, the government of Guernsey introduced measures equivalent to the Directive.

Retention Tax Option

For EU Resident Tax Payers, interest is to be paid, by default, net of the following applicable amount of tax:

For interest paid from 1 July 2005 – 30 June 2008	15%
For interest paid from 1 July 2008 – 30 June 2011	20%
For interest paid from 1 July 2011 onwards	35%

Tax deducted is to be paid as a lump sum to the Guernsey Income Tax Authority who, in turn, make a payment to the tax authority in your country of residence (amounts are not attributable to individuals). It should be noted that this may not fully discharge the liability on the interest earned, if your taxable rate is in excess of the rate quoted above you will still remain liable for the difference.

The Directive provides for the tax authority in the EU State in which you are resident to grant some form of tax credit in respect of the tax withheld, therefore, depending upon their circumstances, you may wish to request a tax certificate from us.

Exchange of Information Option

If you prefer to be paid interest gross, Skipton International Limited will make a disclosure via the Guernsey Income Tax Authority to the relevant Tax Authorities in your country of residence on your behalf, detailing the amount of interest earned and paid to your account(s).

The amount retained or disclosed will be advised on your statements.

In the case of joint account holders, each of you can choose which option is to apply to your portion of the interest.

If you wish to opt for exchange of information, please tick the appropriate box on the Application Form.

If you have any questions are requested to call us on +44 (0) 1481 727374.



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