

International Private Banking and Wealth Management: Tax Reporting Solutions

Documentation

Agenda

Taxsource - Profile

Tax Solution & Services

Operating Model

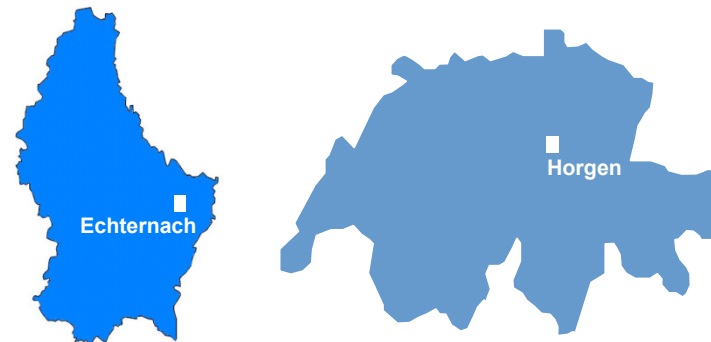
Service Offering

Summary



Taxsource - profile

- 3 company and production sites (Switzerland, Luxembourg and Austria)
- Consultants with long-standing tax reporting and outsourcing experience (since 2002)
- Tax Reporting | RUBIK | FATCA services for over 75 banks, groups and service providers:
FINMA-RS 08-7 audited data center in Zürich
(for banks in Switzerland, Liechtenstein)
- PSF certified data center in Luxembourg (for banks in Luxembourg)
- Production with AlphaTax - one of the leading offshore tax reporting software developed by Taxsource group company in Luxembourg

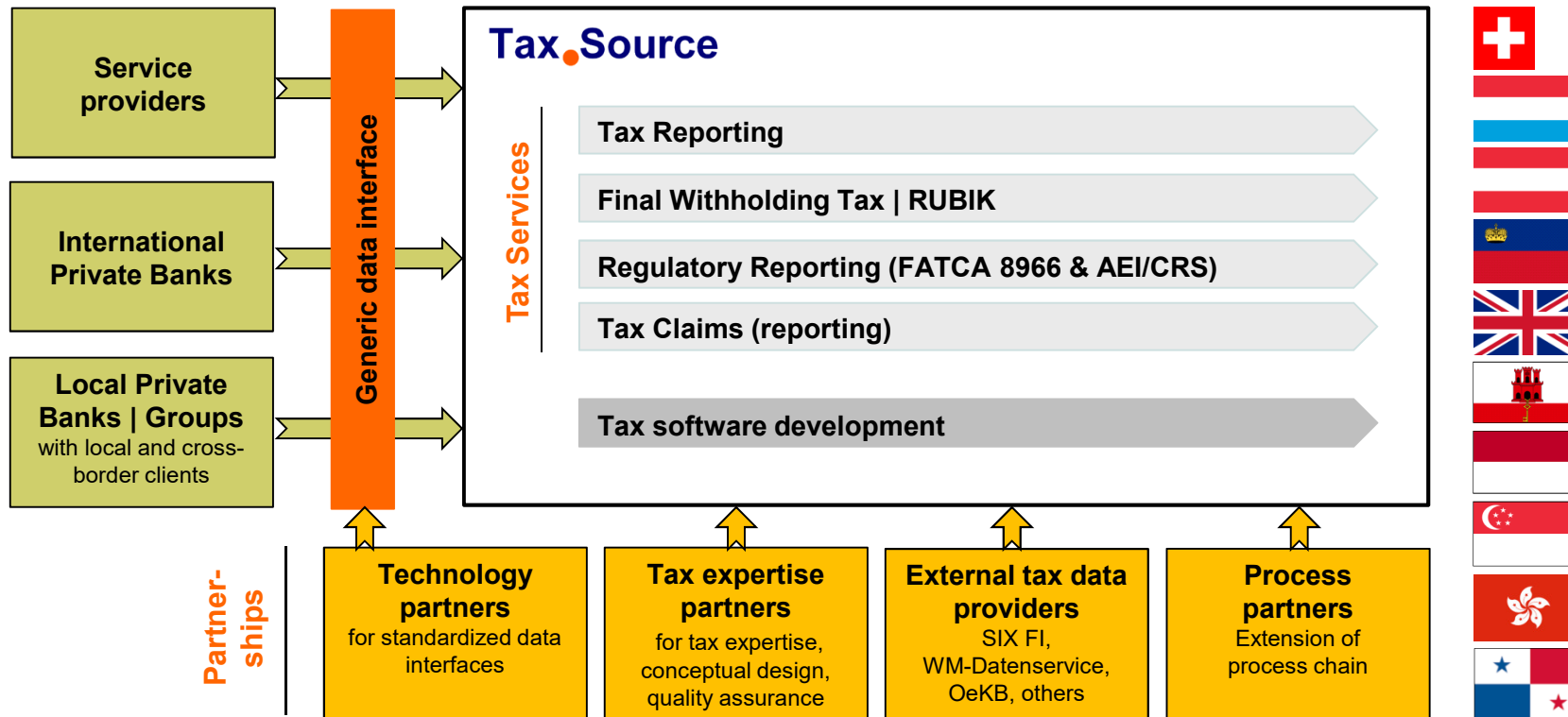


- Partnerships with qualified audit and tax consultancies (Tax expertise, conceptual design, quality assurance)
- Partnerships with external data providers (WM-Datenservice, SIX Financial Information, OeKB)
- Several partnerships with IT companies for extraction interfaces from banking platforms (Avaloq, Apsys, Finnova, Finstar, Olympic)

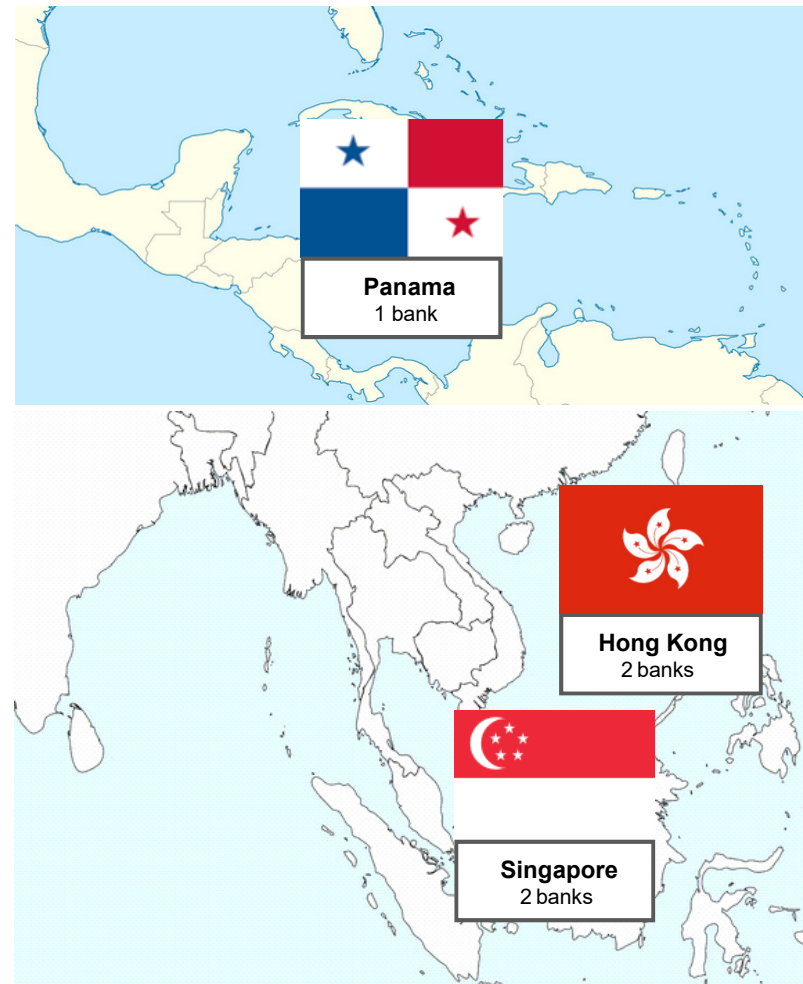
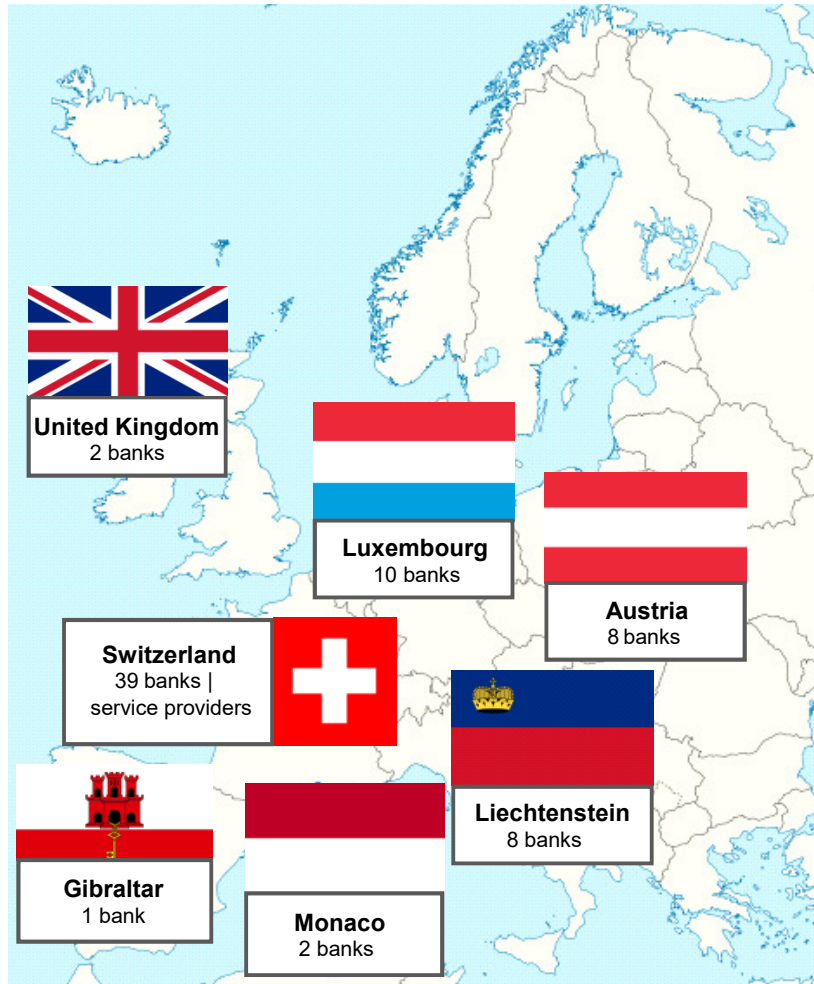
Taxsource - service overview

Client segments

Bank locations



References: over 75 banks, groups and service providers -
> 30 banks based on Avaloq



Agenda

Taxsource - Profile

Tax Solution & Services

Operating Model

Service Offering

Summary



Tax competence

- The tax solution used by Taxsource is based on the conceptual design of qualified audit and tax consultancies. The tax solution offers a comprehensive tax reporting:
 - Declaration of income
 - Capital gain calculations
 - Withholding tax (creditable, refundable)
 - Bank fees and debit interest
 - Wealth and debt statement
- The consultants of Taxsource have a long-standing tax reporting and outsourcing experience and provide additional service beyond the tax reporting:
 - Identification of asset types using external tax data for front line decision making (e.g. avoiding non-transparent investment funds)
 - Providing examples for cover letter, information parts, disclaimer
 - Clarification of special tax topics using the support of tax consultancies

Product Overview - Tax Reporting Modules

Germany

(Year-end reporting | InvStRef 2018 reporting | Form 85)



Russia

(Year-end reporting)



France

(Year-end reporting | monthly reporting)



Israel

(Year-end reporting)



Italy

(Year-end reporting | FW-Reporting)



Sweden

(Year-end reporting)



Spain

(Year-end reporting | Form E720)



Finland

(Year-end reporting)



Portugal

(Year-end reporting)



Norway

(Year-end reporting)



Switzerland

(Year-end reporting)



Denmark

(Year-end reporting)



Austria

(Year-end reporting | Form 84)



South Africa

(Year-end reporting)



Belgium

(Year-end reporting | TOB)



USA

(Year-end reporting)



Netherlands

(Year-end reporting)



Canada

(Year-end reporting)



Luxembourg

(Year-end reporting)



International (generic plus)



United Kingdom

(Year-end reporting | RND reporting)



Generic report with selection criteria:

- report language
- report currency
- capital gain method (LIFO, FIFO, Average)

Agenda

Taxsource - Profile

Tax Solution & Services

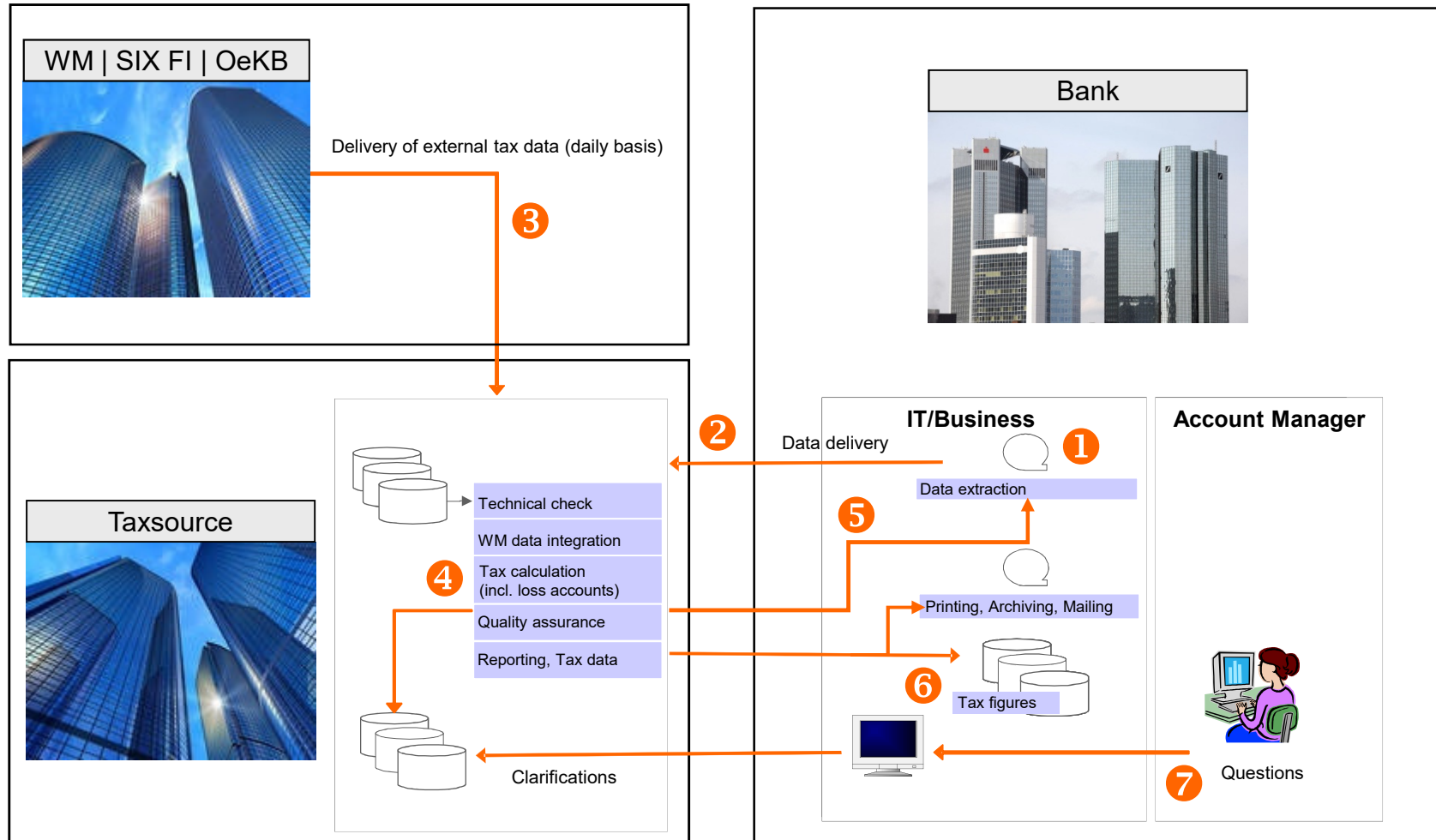
Operating Model

Service Offering

Summary

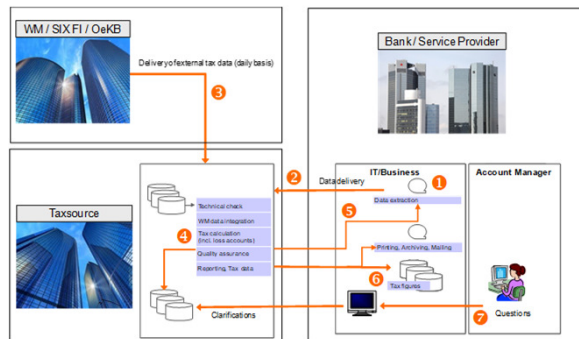


Operating model - 'Business Process Outsourcing'



Operating model - Process description

1. Extraction of data by the bank
 - Standard: anonymized XML-data
2. Transfer of data to FINMA-RS 08-7 audited data center of Taxsource in Zürich (using SFTP; encryption: PGP)
3. External tax data is loaded on a daily basis by Taxsource (e.g. WM Data, SIX Financial Information, etc.)
4. Tax calculation and quality assurance performed by Taxsource
 - Integration and technical check of bank data
 - Integration of external tax data
 - Tax calculation
 - Data quality assurance (multilevel data quality assurance process)
 - Generation of tax reports
5. Findings in data quality assurance are provided by Taxsource; Bank provides additional information (usually on Excel)
 - e.g. Missing security master data, security price data, corporate action information, missing historical acquisition costs
6. After successful data quality assurance, tax reports are provided
 - Standard: to the bank (using SFTP, PGP) for de-anonymization, mailing and archiving
7. Answering questions of bank and/or bank client (SLA between Taxsource and qualified tax consultancies for complex questions)



Agenda

Taxsource - Profile

Tax Solution & Services

Operating Model

Service Offering

Summary



Tax Reporting

Service Offering - Implementation 1/2

- Implementation of the data interface and data integration (one-off service)
 - Data anonymization and data exchange
 - E.g. to the FINMA-RS 08-7 audited data center of Taxsource in Zürich
 - Categorization of assets
 - Categorization of assets based on external tax data
 - Providing list of ISINs without categorization in external tax data
 - Completion of asset categorization based on security master data provided by the bank
 - Mapping of transaction/booking types
 - Realization of mapping table between bank transaction/booking types and tax events
 - Completion of transaction mapping, transformation of transactions (e.g. link of corporate action transactions) based on mapping table and external tax data

Tax Reporting

Service Offering - Implementation 2/2

- Test runs
 - Data integration
 - Data quality assurance, identification of data gaps
 - Verification of positions and holdings (with Avaloq)

- Support in data cleansing
 - Based on the data quality assurance

- Realization of report layouts

- > Technical realization of the XML data interface out of Avaloq
 - proven interface provided by amétiq AG (implementation partner of Taxsource; 21 installations)

Tax Reporting

Service Offering - Production/Outsourcing

- Main Production (yearly service)
 - 3 test runs (for each tax reporting module)
 - Verification of mapping (bank transaction types <-> tax events)
 - Identification of asset types & classification of transaction types
 - Integration and processing of external tax data (WM, SIX FI, OeKB, SFTA)
 - Data validation/quality checks and support in data cleansing
 - Integration of missing security master and price data
 - Delivery of tax reports
 - 2 production runs (for each tax reporting module)
 - Identification of asset types & classification of transaction types
 - Integration and processing of external tax data (WM, SIX FI, OeKB, SFTA)
 - Data validation/quality checks and support in data cleansing
 - Delivery of tax reports

Agenda

Taxsource - Profile

Tax Solution & Services

Operating Model

Service Offering

Summary



Summary 1/2

- Strong partner for tax services
 - Client base of over 75 banks (>30 banks based on Avaloq)
 - Software and tax service from one provider
 - Conceptual design and tax expertise provided by qualified audit and tax consultancies
- High development status
 - Usage of proven data quality assurance processes and data cleansing procedures
 - Developed solution for the integration and processing of external tax data (e.g. WM data, SIX FI data, OeKB data)
- Proven data interface out of Avaloq
 - Rapid implementation
 - Low expenses and efforts

Summary 2/2

- Flexibility
 - One interface for numerous country-specific tax reporting modules and other tax solutions (e.g. RUBIK-Final withholding tax, FATCA, tax reclaim)
 - Rapid integration of new tax reporting modules
- Experience
 - Usage of existing know-how about Avaloq data structure of various banks (different booking methodologies)
 - Usage of existing data analysis and data cleansing processes

Many thanks for your attention!

Taxsource GmbH

Seestrasse 2
CH-8810 Horgen

Christoph Rapp

Tel.: +41 44 725 40 25

Fax.: +41 44 725 40 27

Mail: info@taxsource.ch