

# EU RESIDENTS INFORMATION

## Please read this information if you are EU resident\*

### **What is the EU Savings Tax Directive?**

The EU Savings Tax Directive came into effect on 1 July 2005. This Directive is an agreement between EU member states to exchange information on residents who reside in one EU state but earn interest in another EU member state. However some member states have opted to apply a withholding tax instead of exchanging information.

### **What does this mean if I am EU resident and hold an account in the Isle of Man?**

Although the Isle of Man is not a member of the EU, it has agreed to implement similar provisions along with a number of other jurisdictions. The Isle of Man has chosen to implement a withholding tax (called retention tax in the Isle of Man) as a default option but is also offering the option for customers to exchange information with their home tax authorities and continue receiving gross interest where this is preferred.

Like all banks in the Isle of Man, Britannia International is obliged to apply the retention tax to the interest paid to all EU residents **unless** you advise us that you prefer exchange of information or that you are tax exempt.

### **Are all Britannia International accounts affected by the Directive?**

The Directive does not currently affect you if your account is held in a discretionary trust or corporate name, or if you are applying for one of our capital guaranteed equity bonds (such as the Optimum Growth Bond).

### **How much retention tax will be taken?**

The retention tax is applied at the following rates:

From 1 July 2005	15%
From 1 July 2008	20%
From 1 July 2011	35%

### **What do I need to do if I want to opt for exchange of information or if I am tax exempt?**

You can choose which option you prefer on your application form. Alternatively you can write to us at any time if you wish to change your preference. If you are tax exempt we will require written confirmation from your local tax authority. Please note that any change you make to your preference will apply to **all** accounts you hold with us.

### **What happens to accounts that are held in joint names?**

On joint accounts interest paid will be apportioned equally between account holders. The EU Savings Tax Directive only applies to the interest earned by account holders who are EU resident so interest earned by account holders who reside outside the EU is unaffected. Where there is more than one account holder resident in the EU, each account holder may choose which option they prefer.

### **Does this all mean I will have to pay more tax?**

It is important to recognise that the implementation of the Directive does not mean you need to pay more tax. On the basis that you already declare interest earned to your home authorities, the exchange of information option simply means that your home tax authority will have a record to match against your tax return. If the retention tax is applied, you still need to declare interest earned and tax paid to your home authorities and this can then be available for credit against your tax liability.

### **Where can I find more information on the EU Savings Tax Directive?**

More information about the Directive and its implications can be found on our website at [www.britanniainternational.com/eustd](http://www.britanniainternational.com/eustd).

---

### **\*EU Member States and Territories**

You are considered an EU resident if you reside in the following EU Member States or Territories: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal (including Azores, Madeira), Romania, Slovakia, Slovenia, Spain (including Balearics, Canary Islands), Sweden, United Kingdom.