

CLARIFICATION OF TAX LIABILITY HAS CHANGED – IMPORTANT INFORMATION

Valid as of 1 January 2016

In 2014, Finland signed the FATCA intergovernmental agreement concerning the exchange of taxation-related information with the United States. In addition, Finland has also undertaken to exchange taxation-related information with the EU and certain OECD countries (the DAC2 and CRS projects).

Finland has included, and will continue to include, obligations concerning the exchange of information in its national legislation. Due to this, banks and financial institutions operating in Finland must identify their clients who are liable to pay taxes outside Finland. In addition, banks and financial institutions must report information on such clients to the Finnish Tax Administration, which will disclose the information to the tax authorities of the state in question.

What does the exchange of information mean in practice?

Legislation obligates banks and other financial institutions to clarify in which countries their clients are liable to pay taxes. Due to this, Danske Bank will also inquire about the matter from all of its new clients and some of its current clients. If a client is liable to pay taxes outside Finland, they are required to deliver their valid Tax Identification

Number (TIN) to the bank. The same obligation concerns corporate clients where one or several actual beneficiaries of the corporation are liable to pay taxes outside Finland. In such cases, the corporation must deliver to Danske Bank the TINs of the actual beneficiaries who are liable to pay taxes abroad.

The bank will only use the information received to fulfil its obligations based on legislation, and it does not disclose the information without an obligation based on the law.

The exchange of information concerns the income and assets of clients liable to pay taxes outside Finland.

Who does this concern?

The clarification of information concerns people and companies that are, or whose actual beneficiaries are, liable to pay taxes outside Finland. Therefore, the following fall within the sphere of reporting:

- People and companies liable to pay taxes abroad
- Persons who live in a country other than Finland or who have a residence permit in a country other than Finland

- Companies and other entities that are controlled by one or several persons liable to pay taxes outside Finland.

What is the purpose of these provisions?

The FATCA, CRS and DAC2 provisions are part of global projects aimed at preventing tax evasion taking place throughout the world in financial institutions and banks.

The FATCA is part of United States legislation and an abbreviation of Foreign Account Tax Compliance Act. A number of countries have signed the FATCA intergovernmental agreement with the United States, and, therefore, the impact of the FATCA can be seen in banks and financial institutions around the world.

CRS is an abbreviation of Common Reporting Standard. The agreement has been prepared in cooperation by the OECD countries, and it has been signed by approximately one hundred countries.

DAC2 refers to the EU directive that obligates the EU Member Countries to mutually exchange information that they deliver outside the EU Member Countries. The CRS is used as the model for the content.