

EUROPEAN UNION SAVINGS TAX DIRECTIVE – FACT SHEET

What is the European Union Savings Tax Directive?

The Directive is European Union law that requires member states of the European Union to automatically exchange information with each other about customers who earn savings income in one European Union member state, but live in another. Although the legal scope of the Directive cannot extend outside the European Union, its implementation also affected the UK Crown Dependencies (the Channel Islands and Isle of Man) who introduced provisions similar to the Directive on the 1st July 2005. For the purpose of this fact sheet, when reference is made to the 'Directive', this relates to the equivalent measures being implemented in Guernsey.

How will it affect me?

If you are resident in a European Union member state your savings income from your account(s) held in Yorkshire Guernsey will be affected. The options available to you for the treatment of interest income from your Yorkshire Guernsey account(s) are listed below. If you are **not** resident in the European Union, please let us know your current address.

1. Exchange of Information (sometimes referred to as "Disclosure of Information")

By choosing this option, you can receive gross interest on your account and we will send details confirming your interest to our local Tax Authorities who will forward this to the Tax Authority of the country where you have advised us that you are resident for tax purposes. We will send details of your interest received to our local Tax Authorities on an annual basis at the end of the tax year in Guernsey (31st December). By selecting this option, we will need to collect your Tax Identification Number (TIN) **or**, if this is not available, your date of birth, place of birth and country of birth.

2. Retention Tax (sometimes referred to as 'Withholding Tax')

If you select Retention Tax, we will automatically deduct tax from the interest received on your account(s).

At the inception of the Directive, on the 1st July 2005, the Retention Tax was set at 15% of your interest received. However, this rate increased to 20% with effect from 1st July 2008 and is due to increase further to 35% with effect from 1st July 2011. Please note that interest will be subjected to the Retention Tax rate that is effective at the time the interest is credited.

It is important to note that this money is paid as a lump sum to the Guernsey Tax Authorities who, in turn, pass it onto the Tax Authority in the country where you have advised us that you are resident for tax purposes. Amounts are **not** attributable to individuals, so your **confidentiality** is assured. As no personal details are passed to your Tax Authority, you should continue declaring your interest received on your tax return, where there is a legal requirement for you to do so. You may be able to claim back Retention Tax from your local Tax Authority. The statement issued by Yorkshire Guernsey after an interest capitalisation will show any tax deducted from interest received.

Where can I go for help?

If you have any questions, please contact us on +44 (0) 1481 710150 and we will be happy to help you.

Should you require further information on the Directive, we recommend that you contact your independent financial adviser, tax accountant or local tax authority.

A leaflet entitled 'The Guide to the European Savings Tax Directive as applied in Guernsey' can be found on the Guernsey Finance website at :
www.guernseyfinance.com/publications/3.pdf.

The Guernsey legislation for this Directive can be found on the States of Guernsey Income Tax website at:
<http://www.gov.gg/ccm/navigation/income-tax/eu-savings-directive/>

The UK legislation for this Directive can be found on the HM Revenue & Customs website at:
<http://www.hmrc.gov.uk/esd-guidance/index.htm>

Frequently asked questions on the Directive

If I have an account with another bank will it be affected?

Yes, all banks in the European Union, Crown Dependencies and other Territories identified within the Directive, have implemented equivalent measures, though not all countries will be able to offer the option of Retention Tax on your interest received.

Can I choose different options for my various accounts?

No, if you have more than one account with us, we will apply your selected option to **all** the accounts you hold with us. Where accounts have more than one holder, each holder can choose a different option.

Can I decide to change my option?

Yes, if you decide to switch from Retention Tax to Exchange of Information, you can do this by informing us in writing. Although, we would not expect you to need to change from Exchange of Information to Retention Tax unless there are extenuating/material circumstances. Please note that we may not be able to change your option if your instructions are received less than 3 months before the end of the year.

Why have you requested my Tax Identification Number (TIN)?

If you have opted for Exchange of Information, banks are required to obtain your TIN wherever possible.

If I select Retention Tax, will you pass my personal details to my local Tax Authority?

No, we can only pass on your personal details to the local Tax Authority in your country of residence if you provide your written authority for us to do so, by selecting the Exchange of Information option.

How can I prove that I have paid Retention Tax?

The Retention Tax deducted from your account(s) held with us will be shown on your statements. This will show the gross interest we have paid to you, the proportion of Retention Tax applied to your gross interest and the net interest you will ultimately receive.

How do you treat accounts with more than one holder under the Directive?

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

I am not the beneficial owner of this account – how does this affect me?

If you are not the beneficial owner of the account (for example, you are acting as a professional trustee) please contact us so we can advise you of our requirements in order to update our records.

How are trust accounts affected by the Directive?

In certain circumstances, a trustee may be affected by the Directive (eg through a life interest trust). For further information, please contact us.

Please note this fact sheet is for information purposes only and does not purport to give professional advice.

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Licensed under the Banking Supervision (Bailiwick of Guernsey) Law 1994 as amended.
Principal place of Business and Registered Office: Yorkshire House, Le Truchot, St Peter Port, Guernsey, GY1 3SF
Tel: +44 (0)1481 710150 Fax: +44 (0)1481 710270 Email: info@ygl.gg www.ygl.gg

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All communications with us may be monitored/recorded to improve the quality of our service and for your protection and security.

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