

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 1 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.

In November 2010, the States of Guernsey ratified the decision to move to Automatic Exchange of Information from 1 January 2011 and no later than 1 July 2011. This decision was taken to support Guernsey's commitment to maintaining the highest standards of tax transparency.

How will it affect me?

If you are resident in one of the European Union Member States your savings income from your account(s) held in Yorkshire Guernsey will be affected.

If you originally opted for Retention Tax, this will still apply to all interest earned by you up to and including 30 June 2011. All Retention Tax deducted prior to 1 July 2011 will be paid to our local Tax Authority, in the usual way, no later than 30 September 2011.

Then, **with effect from 1 July 2011**, all interest earned by you will be subject to Automatic Exchange of Information. (see Point 1 below).

If you are not resident in the European Union, please let us know your current address.

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

Under this option, you will receive gross interest on your account(s) and we are obliged to send details confirming your interest to our local Tax Authorities shortly after 31 December each year. This information will then be forwarded on to the Tax Authority of the country where you reside or where you have advised us that you are resident for tax purposes.

In addition to your interest, these details will be accompanied by your name, address and if available your Tax Identification Number (TIN). In the event that we do not currently hold your TIN, we will also be required to pass on details of your date of birth and place of birth. You can provide us with details of your TIN by contacting our office.

2. Exemption from the Directive

If you are resident in one of the European Union Member States, but are eligible for exemption under the Directive, then we can ensure that your exempt status is recorded within our system so that none of your personal information, nor details of your savings income is passed on to any relevant tax authority.

However, prior to your exempt status being recorded, we will require written confirmation of your exempt status from the relevant tax authority of the EU Member State that you reside in. We reserve the right to ask for updated written confirmation of this status at any time.

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.

The Guernsey EU Savings Directive Guidance notes can be found at:
http://www.gov.gg/ccm/cms-service/download/asset?asset_id=13554344

The EU legislation for this Directive can be found at:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:157:0038:0048:en:PDF>

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.

Can I choose different options for my various accounts?

No. Primarily, the Automatic Exchange of Information applies to all residents of the EU Member States and we will apply this to all the accounts you hold with us. However, if you are eligible for exemption under the Directive, we simply require written confirmation of your exempt status from the relevant tax authority of the EU Member State that you reside in.

What happens if I was on Retention Tax prior to the change?

Where accounts have had savings income (interest) added up to and including 30 June 2011 and these amounts have had Retention Tax deducted, the tax will be paid to the relevant tax authorities in the usual manner. These returns will be made by 30 September 2011.

Thereafter, all savings income (interest) applied to accounts from 1 July 2011 will be paid gross and will be subject to Automatic Exchange of Information, unless you qualify for an exemption within the Directive (see above).

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

In line with the reporting requirements of automatic exchange of information, banks are required to obtain your TIN wherever possible.

What information of mine will you pass to the Tax Authorities?

We will pass details of your interest income, your name, address and, if available, your Tax Identification Number (TIN), to the Guernsey Income Tax Authority. This information will then be forwarded on to the Tax Authority of the country where you reside or where you have advised us that you are resident for tax purposes.

In the event that we do not currently hold your TIN, we will also be required to pass on details of your date of birth and place of birth. This information will be forwarded to the Guernsey Income Tax Authority shortly after 31 December each year.

How can I prove that I have ever paid Retention Tax?

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

How do you treat accounts with multiple holders and/or Non-EU Residents under the Directive?

From 1 July 2011, all savings income (interest) will be credited gross and in one amount. This is not shown on a pro-rata basis. Where an account has multiple holders, personal information on each party will be passed to the relevant tax authorities and the interest earned will be split and reported on an equal share basis.

In cases where a holder is not resident in the EU, no personal information will be passed and their share of the interest earned will also not be reported.

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 (e.g. 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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