

In June 2010 revised legislation arising from the European Savings Tax Directive (EUSTD) came into force in the Isle of Man. If you are resident in a European Union member state and hold funds with Nationwide International you are highly likely to be affected by this legislation.

## What is the European Savings Tax Directive?

The European Savings Tax directive (EUSTD) is an agreement between member states of the European Union (EU) applicable to individuals who earn interest in one EU country but reside in another. Isle of Man legislation, arising from the EUSTD, originally allowed customers the choice between paying a Retention Tax at source on interest or for the details of their interest to be exchanged with their European country of residence. In 2010 this legislation was revised so that from 1st July 2011 the Retention Tax option was withdrawn and all interest paid to individuals resident in the EU is now subject to Exchange of Information arrangements.

## Does the EUSTD apply to the Isle of Man?

Anyone whose residential address is in an EU member state and has savings or investments in the EU or its member's dependent or associated territories is likely to be affected by the EUSTD. However, customers are excluded from the scope of the EUSTD if:

- you are tax resident outside the EU
- you are a resident of the dependent or associated territories of an EU member state (including Guernsey, Isle of Man, Gibraltar or Jersey)
- the account in question is held in the name of a company or partnership
- the account in question is held in the name of the trustee(s) of a Trust (provided the trust structure meets certain rules)
- the account in question is held in the name of an unincorporated association or society

## EUSTD – Exchange of Information

Under Exchange of Information customers will receive interest paid gross. Your name, residential address, customer number, TIN and/or date and place of birth and the gross amount of interest paid to your account will be disclosed to the Isle of Man tax authorities. They in turn will forward your details to the tax authority in your country of residence.

## Interest on closure

Interest on closure provides a straight forward way of putting you in control of when your interest is paid. Your interest will continue to accrue each day, but instead of it being paid each month or each year, your interest will be paid only at the point at which you choose to close your account.

To close your account you will need to provide us with instructions of where you want us to transfer your funds to. This might be to an alternative savings account with Nationwide International or another bank or building society. If you choose to close your account to receive your interest, remember that you can open another Nationwide International account at any time. Once you have chosen the interest on closure option on an account, it will not be possible to change it to a different interest option for that account.

## We're here to help

If you would like to discuss the EUSTD and how it may affect your savings with us, please call us on +44 (0)1624 696000. Alternatively you can visit us on our website at [nationwideinternational.com/eustd.htm](http://nationwideinternational.com/eustd.htm).

# European Savings Tax Directive Explained

## Frequently asked questions

### **I am resident in the EU, will all my accounts at Nationwide International be subject to Exchange of Information?**

Yes, your accounts are linked on our systems so Exchange of Information will be applied to all accounts you hold at Nationwide International.

### **Does the EUSTD apply to Isle of Man residents?**

No. If you are resident in the Isle of Man your interest is paid gross of tax and declared annually to the Isle of Man tax authority under domestic taxation laws.

### **Does the EUSTD apply to residents of the Channel Islands or Gibraltar?**

No. The directive does not apply to residents of the Channel Islands, Gibraltar or the dependent or associated territories of EU member states.

### **What happens if I am not resident in the EU?**

If you are not resident in the EU, the EU Savings Tax Directive does not apply. Your interest will be paid gross of tax and your details will not be declared.

### **How is interest reported on joint accounts?**

Interest is reported depending on the extent that each account holder has the benefit of the interest payments paid to the account. Unless you tell us to the contrary we assume that the benefit is split equally. If this is not the case please complete the form available on our website at [www.nationwideinternational.com/eustd.htm](http://www.nationwideinternational.com/eustd.htm) detailing who and in what proportion each holder has the benefit of the interest paid to the account, or just write and tell us.

### **How will the EUSTD affect my statements?**

Under Exchange of Information your statement will show your gross interest credits.

### **I am a non domiciled resident of an EU country. How does the EUSTD affect me?**

As you are resident in an EU country your details will be declared to the tax authority of that country. You will continue to receive interest gross of tax. It is then for you to provide details to your EU tax authority in order for you to establish your exemption from tax on the interest paid.

### **How will the EUSTD affect my statements?**

Under Exchange of Information your statement will show your gross interest credits.

### **What happens if I have an 'Interest on Closure' or 'Deferred Interest' account?**

If you have selected 'interest on closure' or 'deferred interest' on your account, interest is not paid on a regular basis but only when you decide it should be paid. If you decide that interest should be paid and you are resident in an EU country at the time of payment, all unpaid and undeclared or untaxed interest that you have earned whilst in an EU country (and for which you receive the benefit) will be declared.

### **Previously I was able to choose either retention tax or exemption from tax option on my account with Nationwide International. Why is this option no longer available?**

Isle of Man legislation, arising from the EUSTD, was revised so that from 1st July 2011 the Retention Tax option was withdrawn and all interest paid to individuals resident in the EU is now subject to Exchange of Information arrangements.

Please note that the information in this leaflet is based on our current understanding of the impact of the EUSTD on our customers. The accuracy of this information or its completeness cannot be guaranteed. The legislation or practice may be subject to change. We are not authorised to provide individual tax advice and recommend that you seek independent professional advice from a suitably qualified tax adviser. Any opinions are given in good faith but Nationwide International will not be liable in contract, tort, negligence or otherwise for any loss or damage connected in any way with your use of this information, whether such loss or damage is direct or indirect or includes loss of business, loss of profits or any other indirect or consequential loss.

No warranty is given as to the tax consequences of any account for any particular account holder. Tax regulations and guidance may change and you should seek appropriate advice as required.

A wholly owned subsidiary of Nationwide Building Society. Registered in the Isle of Man No. 52214. Licensed by the Isle of Man Financial Supervision Commission.