



Hedge Funds

The Issue

How much money are you leaving on the table?

Income from cross border assets is often taxed by foreign governments at a high statutory rate - between 25% and 35%, meaning only a fraction of the total income entitlement is being received.

Why? Due to the multi-level nature of the global custody chain, foreign governments are not generally able to see through to the fund (or the underlying investors) who may be eligible for a lower treaty rate, often around 15%.

Governments know that cross-border investors are taxed first in the foreign market of investment and then again in their home country of tax residency. In order to mitigate this double taxation and entice investment into their markets, many pairs of countries enter into treaties to alleviate the issue of double taxation.

Hedge funds may be eligible to recover the difference between the statutory withholding rate and the treaty rate, usually between 15% and 25% of the original (intended) gross income.

The Process

What to do and why...

- To receive an entitlement, reclaims for foreign ordinary shares as well as Depositary Receipts (e.g. ADRs, GDRs) must be filed to foreign tax authorities.
- Funds that are domiciled offshore in a 'tax haven' like the Cayman Islands can often benefit, depending on the structure of the fund.
- Compliance and legal pressures are rising for funds to leverage every ounce of return for clients and partners.
- Due to Statutes of Limitations which go back multiple years, the initial recovery is often a windfall gain for the fund.

The Solution

GlobeTax:

- Founded in 1992, is the world's pre-eminent withholding tax recovery firm, filing over 2 million reclaims a year with a 0.00% fail rate.
- Has strategic long-term relationships with all major Prime Brokerage firms and Global Custodians.
- Maintains confidentiality by contracting directly with the fund(s).
- **Fees are entirely contingent and payable only after money has been recovered.**

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