IN FOCUS –

A Look Forward: 2019 Tax Changes Impacting Global Portfolio Investors

BBH is pleased to provide a comprehensive summary of the major tax changes that took effect on January 1, 2019, as well as tax changes proposed for 2019 that are still pending the legislative approval process. The following includes local law changes impacting tax rates, documentation and market procedures; as well as newly ratified tax treaties that result in a tax rate impact to our clients.

Local Law Tax Changes

AUSTRIA (Status: Passed)

The Annual Tax Act introduces amendments to the tax reclaim procedures, whereby nonresident investors will need to pre-notify the Austrian Tax Authorities of their intention to file a tax reclaim.

- The notification of intent to file a tax reclaim would need to be filed electronically with the Austrian Tax Authorities. This form would need to be printed and signed by the claimant and stamped by the investor's local tax authority (or accompanied by a certificate of residence). The intent to file can be made in the year following the year in which tax was withheld.
- The Ministry of Finance (MoF) is expected to issue procedures for filing a pre-notification.
- The MoF is also expected to issue new tax reclaim forms, which can be finalized electronically via a new platform that will be available on the MoF's website.
- Once finalized, the final reclaim, including the signed pre-notification and supporting forms, would need to be filed by registered mail within the statute of limitations for filing tax reclaims.
- It is anticipated that the MoF's electronic platform will be available in the beginning of 2019.
- New reclaim forms would need to be utilized going forward.

INVESTOR IMPACT: BBH is working with its local market providers to implement the new reclaim procedures.

BELGIUM (Parliament Approved – Pending Publication in Official Gazette)

Introduction of legislation that aims to combat improper withholding tax exemptions and to facilitate the payment of withholding tax in the event of an unjustified exemption or refund.

- Recovery of unlawfully paid withholding tax is currently only possible through the Belgium civil court. The proposal would see the Belgian Tax Administration able to recover any unlawfully paid withholding tax via a tax assessment upon the beneficial owner.
- The granting of a withholding refund will be subject to the condition that the applicant was the legal owner of the securities concerned upon record date.
- Pension funds would no longer benefit from certain withholding tax exemptions on dividends received if it holds the securities from which the dividends arise for less than 60 days, unless the pension fund can evidence that there is no underlying artificial / non-genuine arrangement.

INVESTOR IMPACT: BBH continues to monitor the proposed legislation for impact to clients.

BELGIUM (Status: Implementation Expected in First Quarter of 2019)

The Belgian Tax Authorities launched an electronic standard tax reclaim filing system that will replace the current paper- based system. As a result, the following changes are anticipated:

- The reclaim form 276DIV will be replaced with an annual certificate of residence (CoR).
- A unique identification number will be assigned to each beneficial owner, which will be used to identify the claimant when filing a tax reclaim.
- Each reclaim will be assigned a unique identification number which can be used when following up on reclaims.

INVESTOR IMPACT: No direct impact to clients anticipated at this time.

COLOMBIA (Status: Passed)

The Colombian government introduced. Tax Reform amending withholding tax rates applicable to dividend and interest income.

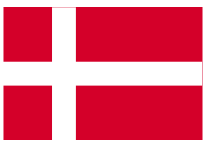
- The dividend withholding rate has increased from 5 percent to 7.5 percent with respect to dividends to be announced and paid during 2019 and onwards.
- The withholding tax rate on interest income and gain from the sale of government and corporate bonds has been reduced from 14 percent to 5 percent with respect to investors domiciled in none- tax haven jurisdictions.

INVESTOR IMPACT: Colombian tax reform increased the dividend withholding tax rate and decreased the interest withholding tax rate.

CROATIA (Status: Passed)

- The Croatian Parliament passed amendments to the Profit Tax Act increasing the dividend withholding tax rate applicable to investors domiciled in countries on the European Union's (EU) non-cooperative tax jurisdiction list and whose country of domicile has not entered into a Double Taxation Avoidance Treaty (DTAT) with Croatia.
- The EU's list of non-cooperative jurisdictions currently contains the following countries: American Samoa, Guam, Samoa, Trinidad and Tobago, and the US Virgin Islands.

INVESTOR IMPACT: Investors domiciled in countries on the EU's non-cooperative tax jurisdiction list and whose country of domicile has not entered into a tax treaty with Croatia, will be subject to a 20 percent withholding tax rate on dividend income.



DENMARK (Status: Proposed – Pending Public Hearing)

Bill proposes changes to the investment fund tax regime. The main provisions of the proposed bill are as follows:

- Dividends paid by Danish mutual investment funds to nonresident investors would be exempt from taxation.
  - The exemption would apply where the Danish investment fund is subject to a 15 percent tax on dividends from Danish equities.
  - Eligible nonresident investors would need to file a tax reclaim to recover tax withheld.
- Investment companies would be classified as "equity based" or "bond based." Returns earned by Danish individuals investing in equity based mutual investment funds that are classified as investment companies pursuant to Danish law, would be taxed as equity income.
  - Currently, such returns are taxed as capital income.
  - Returns from bond-based investment companies would continue to be taxed as capital income.
- To be classified as an equity-based investment company, the following criteria would need to be met:
  - At least 50 percent of the assets are securities comprised by the Danish Act for Capital Gains and Losses on Shares determined on an annual average basis.
  - The Danish Tax Authorities must be notified of the fund's status.
- Currently, income resulting from redemptions and share buy-backs is treated as a dividend, subject to the dividend withholding tax. Pursuant to the proposed amendments, such income would be treated as capital gains.

INVESTOR IMPACT: BBH continues to monitor the proposed legislation for impact to clients.

FRANCE (Status: Passed)

The French Parliament approved the Finance Bill for 2019 and pursuant to the Bill, a new dividend on manufactured dividends has been introduced effective July 1, 2019 and will operate as follows:

- Any payment, in any form and by any means, made by a French resident for the benefit, either directly or indirectly, of a non-French resident is deemed to be distributed income subject to the French domestic withholding tax rates when the following conditions are met:
- The payment is made pursuant to a temporary transfer of shares or any transaction entailing a right or obligation to return or resell these shares or rights on those shares;
- The transaction has a duration of less than 45 days including the dividend payment date.
- The withholding tax is due at the time of the payment and shall be paid by the person in charge of the payment. The beneficiary of the payment may obtain a refund if they can prove that the transaction has the main purpose or effect other than French withholding tax avoidance or a tax advantage.

INVESTOR IMPACT: Nonresident investor will be subject to a withholding tax on substitute income.

FRANCE – Capital Gains Tax

- Capital gains derived by nonresident investors on the disposition of publicly traded securities (e.g. shares bonds, etc.) issued by French listed entities should be generally exempt from tax; including gains realized on the disposition of French government bonds.
- Capital gains arising on the disposition of substantial interest in a French entity are subject to capital gains tax.
    - Foreign investors are considered to hold a substantial interest in a French company if the seller owned 25 percent or more of the capital of the French company at any time during the 5-year period prior to the sale date.
- Where capital gains tax applies, the rate will be 33.3 percent for legal entities and organizations regardless of their legal form but will be reduced to 31 percent as of January 1, 2019. It is also scheduled to progressively reduced in future years.

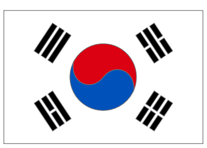
INVESTOR IMPACT: Capital gains arising on the disposition of substantial interest in a French entity are subject to capital gains tax.

INDONESIA (Status: Passed)

A new regulation PER-25/PJ/2018 has been issued to simplify the tax treaty relief application document requirement and to introduce a new DGT form to replace the existing Form DGT-1 and DGT-2.

- Effective January 1, 2019, investors will need to complete a new DGT Form to apply for tax treaty benefits.
- The new form applies to all types of taxpayers.
- The new DGT form can be certified by the investor's tax authorities or a separate certificate of residence can be attached in place of the certification on the form.
- The new form will remain valid within the validity period stated on the certified form, with a maximum period of 12 months falling within the same year or crossing two calendar years. The same would apply in the case of a certificate of residence with a validity period but if the certificate of residence only states a fiscal year, the form would only be valid up to December 31st of the specified year.
- There is no longer a requirement to include information about the taxable income in the new DGT form.
- A taxpayer is only required to file one original DGT form to cover all income events for different withholding agents within the validity period of the form.

INVESTOR IMPACT: Effective January 1, 2019, investors must use a new DGT form when filing for tax treaty relief.

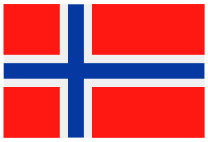


KOREA (Status: Passed)

The Korean National Assembly approved tax reform for 2019.

- Pursuant to the amendments, the statute of limitations for underreported taxes on dividends, interest or capital gains, has been extended from five years to seven years.

INVESTOR IMPACT: Effective January 1, 2019, the statute of limitations for underreported taxes has been extended to seven years.



NORWAY (Status: Passed)

The Tax Administration Act and its regulations which came into effect on January 1, 2017 resulted in new documentation requirements with effect from January 1, 2019

- The following documentation is required for all treaty eligible investors and European Economic Area (EEA) local law exemption eligible investors:
    - Certificate of residency (CoR) confirming that the beneficial owner is resident of its country of domicile pursuant to the DTAT with Norway.
    - The CoR will be valid for a period of three years.
    - Confirmation from the dividend recipient that they are the beneficial owner of the income.
    - Treaty and exemption eligible institutional investors will need to obtain an Approval Letter from the Norwegian Tax Authorities confirming that a reclaim was previously paid out by the Norwegian Tax Authorities (or) a confirmation that the investor is eligible to avail of a reduced withholding tax rate under a tax treaty with Norway or the local law exemption.
    - EEA exemption eligible institutional investors also need to provide a confirmation every three years that there are no changes to their exempt status since the Norwegian Tax Authorities confirmed its exempt status.
- Luxembourg SICAVs can continue to avail of the EEA local law exemption at source by providing proper documentation, without seeking prior approval from the Norwegian Tax Authorities.
- US regulated investment companies (RICs) are not deemed treaty eligible investors and therefore are not impacted by these changes.

INVESTOR IMPACT: Impacted investor have been contacted and requested to complete a Norwegian Pre-Approval application. Once the Norwegian Tax Authorities (NTA) confirm approval, additional documentation will be required to secure relief at source.

- Luxembourg SICAVs do not need to obtain a pre-approval from the NTA and can secure relief at source with documentation.
- U.S. RICs are not deemed treaty eligible in Norway and are therefore not impacted by this development. BBH will continue to file tax reclaims on behalf of its US RIC clients to protect the statute of limitations on filing claims in Norway, in case the tax treaty should be renegotiated by the tax authorities.

POLAND (Status: Passed and Proposal to Postpone)

The Ministry of Finance (MoF) has issued an Ordinance that amends certain provisions of the recently passed changes to the Personal Income Tax and Corporate Income Tax laws that came into effect on January 1, 2019.

- Pursuant to the Ordinance, the new threshold limit of Polish zloty (PLN) two million is postponed until June 30, 2019 with respect to investors domiciled in countries which have entered into an exchange of tax information agreement with Poland; as well as with respect to dividends paid to Polish residents.
- The threshold limit of PLN 2 million will not apply to the following:
  - Interest and discount paid to nonresident investors on the following:
    - Bonds issued by the State Treasury
    - Bonds issued by Bank Gospodarstwa Krajowego S.A. for the purpose of financing specific programs defined in the Ordinance.
    - Interest and discount from bonds issued by the State Treasury purchased after November 7, 2015 and paid to foreign central banks.
    - Interest, discount and dividends received by entities founded by state agencies of the contracting countries.
    - Interest, discount and dividends received by supranational organizations where Poland is a member.
    - Interest discount and dividends received by tax exempted entities who signed agreements of cooperation with Poland.
    - Income paid to tax exempted entities, where such entity is referenced in a tax treaty with Poland.
- Due to the new high liability thresholds, local subcustodians will not be able to facilitate treaty/ exemption relief at source. Investors must file tax reclaims in order to avail of preferential withholding tax rates.

INVESTOR IMPACT: Effective 1/1/2019, relief at source is no longer available in the market. Investors will need to file tax reclaims for treaty benefits and local law exemption. BBH continues to work closely with its local market providers to establish reclaim documentation requirements for 2019.

SPAIN (Status: Pending Parliamentary Approval)

The Spanish Ministry of Finance published a Draft Bill of the Financial Transaction Tax (FTT) and Memorandum of Analysis of the Normative Impact Memorandum. Highlights of the main provisions of the proposed bill is as follows:

Scope of the FTT

- The FTT will apply to acquisitions of shares of Spanish companies with a market capitalization of at least EUR 1 billion, that are admitted to trading on the Spanish market or on a European Union (EU) member state regulated market (pursuant to EU Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014) or on any other equivalent market pursuant to the provisions of the Directive.
- The Ministry of Taxes will publish an annual list of Spanish companies whose capitalization exceeds euro (EUR) 1 billion as of December 1 of the current year.
- Depository receipts representing the above referenced shares (ADRs, ADS), regardless of the place of establishment of the issuer, are within the scope of the FTT.
- Shares and certificates of deposit, arising from the execution or settlement of convertible or exchangeable bonds or debentures, or derivative financial instruments, or of any financial instrument are within the scope of the FTT.

Tax Rate and Taxable Base

- The applicable tax rate will be 0.02 percent.
- The tax base will consist of the amount of consideration, exclusive of expenses associated with the transaction.
- Where the consideration amount is not available, the tax base will default to the closing value that the security had in the most relevant market on the day preceding the transaction.
- Intraday transactions on the same trading system, on the same security by the same party, can be calculated by applying netting principals.

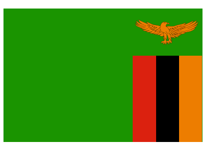
Exemptions

- Acquisition of fixed income securities and derivatives.
- Acquisitions relating to the issuance of shares and public offerings of sale (IPOs, IPs) and acquisitions prior to issuance by placers or issuers.
- Acquisitions relating to market making activities.
- Intra group or corporate restructuring acquisitions (e.g. mergers, or spin offs of collective investment institutions or sub-funds of collective investment institutions).
- Securities lending and borrowing transactions.
- Repurchase transactions, buy-sell back transactions and sell-buy back transactions.

Declaration and Payment Process

- The party responsible for calculating and remitting tax will be the financial intermediary that executes the purchase order (e.g. broker), regardless of whether acting on its own behalf or on behalf of a third party. If several financial intermediaries are involved in executing a purchase order, the tax would need to be assessed and paid by the financial institution that received the purchase order directly from the buyer.
- The central securities depository (Iberclear) may take on the role of declaring and paying the FTT to the Spanish tax authorities on behalf of the payer; regulations are yet to be issued.
- Where transactions are not carried out through Iberclear or in situations where the taxpayer does not choose to utilize Iberclear, then tax can be self -assessed.
- Taxpayers will need to submit an annual FTT declaration, including exempt transactions.
- Procedures and terms for filing and payment will be established pursuant to regulations yet to be issued.

INVESTOR IMPACT: Pending Parliamentary approval, investors may be subject to the Spanish FTT on acquisitions of Spanish securities within the scope of the FTT.



ZAMBIA (Status: Passed)

The 2019 National Budget includes a provision which increased the withholding tax rate on Zambian sourced dividends and interest income from corporate bonds.

- Nonresident investors are now subject to a 20 percent withholding tax rate on dividends and interest from corporate bonds. The previous withholding tax rate was 15 percent.
- Interest income from government bonds remains at a 15 percent withholding tax rate.

INVESTOR IMPACT: Nonresident investors are subject to a 20 percent withholding tax on dividends and interest corporate bond sourced in Zambia. Government bond interest remains at 15 percent rate.

Tax Treaty Changes

Note: The list of treaties provided below does not cover all treaty changes that became effective on January 1, 2019, but only those that will resulted in a significant tax rate impact to investors domiciled in one or both of the contracting countries.

Contracting Countries	Dividend Rate	Interest Rate	Capital Gain Tax Rate	Investor Impact
Austria/ Japan	10%/ 0%*	0%	0%	Japanese investors into Austrian equities; Austrian investors into Japanese equities and bonds. * Dividend withholding tax exemption for pensions.
Austria/ Israel	10%	5%/0%*	0%	Austrian investors into Israeli equities and bonds. Israeli investors into Austrian equities. * Withholding tax exemption on interest paid to the governments of the contacting states.
Bahrain/ Egypt	10%/0%*	10%/0%*	TBD	Bahraini investors into Egyptian bonds. Egyptian investors into Bahraini Securities *Exemption for the governments of the contracting states.
Bahrain/ Bangladesh	15%	10%/0%*	0%	Bahraini investors into Bangladeshi equities and bonds. *Exemption for interest paid to the governments of the contracting states.
Belgium/ Poland	10%/0%*	5%	0%	Belgian investors into Polish equities and bonds. Polish investors into Belgian equities. *Dividend withholding tax exemption for pensions.
Belgium/ Norway	15%/5%*	10%/0%**	0%	Belgian investors into Norwegian equities. Norwegian investors into Belgian equities. *5% rate for pensions. **Withholding tax exemption on interest paid to governments of the contacting states.
Brazil/ Argentina	15%	15%/ 0%*	TBD	Statutory withholding tax rates in both countries are lower than the treaty rates.
Croatia/ Canada	5%	5%/0%*	0%	Croatian investors into Canadian equities. Canadian investors into Croatian equities. *Withholding tax exemption on interest paid to the governments of the contacting states.
Cyprus/ Luxembourg	5%	0%	0%	Cypriot investors in Luxembourgian equities.
Cyprus / United Kingdom	0%/15%*	0%	0%/12%/20%**	Cypriot investors into UK REITs. *15% on distributions from REITs with the exception of pensions which are exempt from withholding tax. **Capital gains tax exemption except for sale of REITs
Denmark/ Japan	15%/0%*	0%	0%	Japanese investors into Danish equities. Danish investors in Japanese equities and bonds. *Exemption for pension funds.
Estonia/ Japan	10%	10%/0%*	0%	Estonian investors in Japanese equities and bonds. **Withholding tax exemption on interest paid to governments of the contacting states.

Finland/ Spain	15%/0%*	0%	0%	Finnish investors in Spanish equities. Spanish investors into Finnish equities. *Exemption for pension funds.
Finland/ Portugal	Terminated	Terminated	Terminated	Treaty terminated
Finland/ Sri Lanka	10%	10%	0%	Finnish investors into Sri Lankan equities. Sri Lankan investors into Finnish equities.
Hungary/ Oman	0%	0%	0%	Omani individual investors into Hungarian equities and bonds. Hungarian investors into Omani equities and bonds.
Hong Kong/ Finland*	10%	0%	0%	Hong Kong investor into Finnish equities. *Effective January 1, 2019 in Finland and April 1, 2019 in Hong Kong.
Hong Kong/ Saudi Arabia	5%*	0%	0%**	Saudi Arabian investors into Mexican equities. *5% rate applies to pension funds. ** Exception for shares of a company whose assets consist of 50% or more of immovable property.
Iceland/ Japan	15%/0%*	0%	0%	Icelandic investor into Japanese equities and bonds. Japanese investors into Icelandic equities and corporate bonds. *Exemption for pensions.
Indonesia/ Serbia	15%	10%	0%	Indonesian investors into Serbian equities and bonds; Serbian investors into Indonesian equities and bonds.
Latvia/ Switzerland	15%/0%*	10%/0%**	0%	Latvian investors into Swiss bonds and equities. *Pension funds and the Central Banks are exempt. **Interest paid to a company other than a partnership is exempt. Interest paid on government bonds is exempt.
Latvia/ Singapore	10%/0%*	10%/0%**	0%	Latvian investors into non-QDS bonds. *Dividend withholding tax exemption for companies other than partnerships. ** Interest withholding tax exemption when paid to the Governments, a financial institution, company other than partnership where the interest is paid by a company, interest paid on a loan or debt guaranteed by the government.
Lithuania / Japan	0/10%*	0/10%*	0%	Japanese institutional investors into Lithuanian equities and corporate bonds. Lithuanian investors into Japanese equities and bonds. * Individual investors are subject to 10% withholding tax rate on dividend and interest income.
Botswana/ Malta	6%*	8.5%/0%**	0%	Maltese investors into Botswanan equities and bonds. *In Malta tax shall not exceed the tax on the profits that dividend are paid.** Withholding tax exemption for governments of the contacting states or pension funds.
Mexico/ Philippines	15%	12.5%*	0%**	Mexican investors into Philippine equities or bonds. *Paid to or by the governments, or central banks of the contacting states. **Exception for shares of a company whose assets consist of 50% or more of immovable property.

Mexico/ Saudi Arabia	5%	10%/ 5%*	0%**	Saudi Arabian investors into Mexican equities. *5% rate applies to pension funds. ** Exception for shares of a company whose assets consist of 50% or more of immovable property.
Nigeria / Singapore	7.5%/0%*	7.5%/0*	0%**	Nigerian investors into Singaporean bonds. Singaporean investors into Nigerian equities. *Exemption for the governments of the contracting states. ** Except for gains from disposition of shares, other than shares traded on a recognized stock exchange, or of an interest in a partnership, trust, estate, deriving more than 50 per cent of their value from immovable property.
Norway/ Belgium	15%/5%*	10%/0%**	0%	Belgian investors into Norwegian equities. Norwegian investors into Belgian equities. *5% applies to pensions. ** Exemption for the governments of the contracting states.
Romania/ Bosnia Herzegovina	10%	7%	0%	Romanian investors into Bosnian corporate bonds.
Philippines/ Thailand	15%	15%/10%*/0%**	0%***	Philippines investors into Thai bonds. Thai investors into Philippines equities and bonds. *10% for financial institution recipients. **Exemption for the governments of the contracting states. *** Except for gains from disposition of shares of a company, the property of which consists principally of immovable property. Gains from disposition of an interest in a partnership or a trust, the property of which consists principally of immovable property.
Philippines/ Sri Lanka****	15%*/ 25%	15%/ 0%**	0%***	Philippines investors into Sri Lankan equities and bonds. Sri Lankan investors into Philippines equities and bonds. *15% for company recipients. ** Exemption for government bonds and the governments of the contracting states. *** Except for gains from the disposition of stock and shares. Gains from disposition of shares of a company, the property of which consists principally of immovable property. Gains from disposition of interest in a partnership or a trust, the property of which consists principally of immovable property. ****Treaty effective April 1, 2019 in Sri Lanka; January 1, 2019 in the Philippines.
Russia/ Japan	10%/0%*	0%	0%	Russian investors into Japanese equities and bonds; Japanese investors into Russian equities and corporate bonds. *Exemption for pension funds.
Vietnam/ Latvia	10%	10%/ 0%	0%	Statutory rates in both countries are lower than treaty rates.

Zambia/ Netherlands	15%/5%*	10%/0%**	TBD	Dutch investors into Zambian bonds. *Pensions subject to 5% withholding tax. **The governments of the contracting countries exempt from interest withholding tax.
Luxembourg/Uruguay	15%	15%	0%	Statutory withholding tax rates are lower or equal to treaty rates.
Singapore/Uruguay	10%	10%	0%	Statutory withholding tax rates are lower or equal to treaty rates.

FOR MORE INFORMATION, PLEASE CONTACT YOUR RELATIONSHIP MANAGER OR THE GLOBAL TAX SERVICES GROUP.

BROWN BROTHERS HARRIMAN

NEW YORK BEIJING BOSTON CHARLOTTE CHICAGO DENVER DUBLIN GRAND CAYMAN HONG KONG JERSEY CITY KRAKÓW LONDON LUXEMBOURG NASHVILLE PHILADELPHIA TOKYO WILMINGTON ZÜRICH WWW.BBH.COM

This publication is provided by Brown Brothers Harriman & Co. and its affiliates ("BBH") to recipients who are classified as Professional Clients and Eligible Counterparties if in the European Economic Area ("EEA"), solely for informational purposes. This information does not constitute legal, tax, financial or investment advice and is not intended as (i) an offer to sell or a solicitation to buy securities or investment products, (ii) an offer of services, or (iii) a recommendation to invest or not to invest in any country. Any reference to tax matters is not intended to be used, and may not be used, for purposes of avoiding penalties under the U.S. Internal Revenue Code or for promotion, marketing or recommendation to third parties. This information has (i) been obtained from sources believed to be reliable, (ii) not been independently verified, and (iii) is inherently subject to change. BBH does not make any representation or warranty as to the accuracy or completeness of the information provided and will not be responsible for any loss or damage (direct, indirect or consequential) incurred as a result of any reliance on this information. Any information provided and/or opinions expressed are subject to change without notice. Unauthorized use or distribution without the prior written permission of BBH is prohibited. This publication is approved for distribution in member states of the EEA by Brown Brothers Harriman Ltd. and/or Brown Brothers Harriman Investor Services Limited, both authorized and regulated by the Financial Conduct Authority. BBH is a service mark of Brown Brothers Harriman & Co., registered in the United States and other countries. © Brown Brothers Harriman & Co. 2019. All rights reserved.
IS-04683-2019-01-24 Expires 1/2020