

Acupay as your Partner of Choice for Tax Relief Services

Acupay System LLC offers tax relief services for both fixed-income and equity securities, including depository receipts.

Tax Relief for Telefonica ADS

Citibank, as ADS Depository, has arranged with Acupay, as Tax Certification Agent, to provide tax relief services to holders of Telefonica ADS. Under Spanish law, dividends paid by Spanish corporations are subject to a 19.5% withholding tax. However, most non-Spanish shareholders are eligible to a reduced tax rate based on double taxation treaties.

Obtaining Tax Relief

Shareholders must provide appropriate documentation ahead of the Telefonica ADR payment to benefit from a reduced tax rate at source.

Documentation Requirements for US Residents*

- A Spain-specific version of the 6166 Form, the US Certificate of Residence issued by the IRS (US Tax Authority).

Documentation Requirements for Non-US Residents*

- A Spain-specific Certificate of Residence.

**Plus other specific local requirements found in the ADS DTC Important Notice published by DTC.*

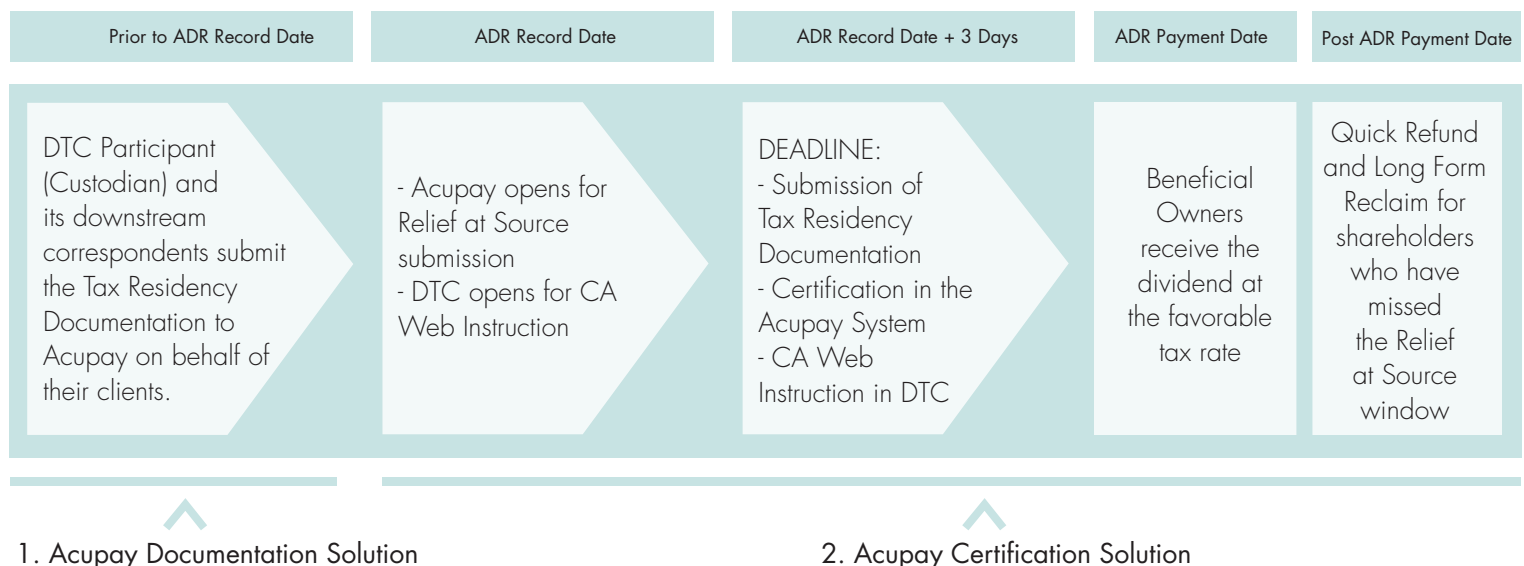
Challenges of the Telefonica ADS Tax Relief Process

Shareholders and their custodians are not always aware of the specific Spanish documentation requirements surrounding tax relief. Financial intermediaries may not have the resources to go through the end-to-end tax relief process by themselves. And, specifically for US Residents, the application process for the required Spain-specific 6166 Form is complex, cumbersome and can take up to 12 weeks.

Acupay Documentation & Certification Solution

Acupay has set up multiple solutions that aim to facilitate the process and help Telefonica ADS holders profit from the reduced rate of withholding tax. Using innovative systems and procedures, Acupay implemented a process that allows Telefonica to offer Relief at Source on their ADS – a solution that was previously unfeasible. It supports financial intermediaries and their clients in two ways:

Tax Relief Life Cycle For Telefonica ADS



1. Acupay Documentation Solution for US Shareholders

Acupay has a web-based platform, called the **Acupay 6166 Wizard** facilitating the application for 6166 Forms (including the Spain-specific version). Currently, the 6166 wizard is targeted at the shareholder; therefore, one "Acupay 6166 Wizard" submission is required per beneficial owner. However, Acupay also plans to offer an **Acupay 6166 Bulk Upload** by late 2015 which will allow custodians to submit all of their applications for 6166 Forms (including country-specific versions and for multiple years) in one submission.

2. Acupay Certification Solution

The Acupay System offers a quick and straightforward way of submitting for tax relief and facilitates:

▼
The calculation of entitlements.

▼
The determination of beneficial owner types.

▼
The determination of documentation needs.

▼
The allocation of tax relief.

Benefits of the Acupay's Certification Solution

99%

Rate of successfully processed 6166 Applications Forms.

5

Minute submission process per Acupay 6166 Wizard application.

4-6 weeks

For Acupay to receive 6166 Forms from IRS.

up to
19.5%

Relief on potential excess withholding tax.

\$10

Marginal Acupay processing fee per application plus the IRS \$85 fee.

\$0.0057

Minimal tax relief processing fees per ADS charged by Citibank and Acupay.

Acupay Tax Processing Services (TPS)

Acupay can also offer you full end-to-end outsourcing tax processing services (TPS). TPS aims at providing an integrated solution to maximize the returns on your clients' entire portfolio and benefit from the most favorable tax rates in all markets without having to dedicate your own resources to the process.

Implementation

Contact us to get set up on the Acupay **Documentation & Certification Solution** and discuss the **benefits of our various tax relief solutions**.

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