



European Savings Directive

Background to the Directive

- ❑ New legislation adopted by EU Member states to provide guidelines for the exchange of information or taxation of interest by individuals resident in the European Union.
- ❑ The Isle of Man is not part of the EU, however, the Island's government together with those of the Channel Islands and other key international jurisdictions agreed to adopt this legislation.
- ❑ Some clients will be exempt from the Directive – see below for details.
- ❑ Clients residents outside of the EU will remain unaffected by this new Directive.
- ❑ **This legislation was implemented on the 1st July 2005 and only affects personal clients.**

Options Under The European Savings Directive

- ❑ A) Agree to the automatic exchange of information regarding the interest earned on your account. This information will be forwarded annually to the relevant tax authority where you are resident. Your interest will continue to be paid gross. You may already be including this information on your annual tax returns, or you may be a non-taxpayer in your country of residence.
- ❑ B) Pay a Retention tax which will be a percentage of the interest earned on your accounts. No information will be forwarded to the relevant tax authority where you are resident.
- ❑ You can choose the most appropriate option in line with your circumstances.
- ❑ UK resident and UK domiciled individuals will be subject in all cases to exchange information with the UK Inland Revenue.

Retention Tax Rates

The rate of retention tax will be:

- **15% from July 2005 to July 2008.**
- **20% from July 2008 to July 2011.**
- **35% from July 2011 onwards**

Exemption from the Directive

You should be exempt from the Directive if you:

- Live outside of the EU
- Provide a Tax Exemption certificate issued by the tax authority where you are resident.
- Are resident but not Domiciled within the UK, or Ireland.
- Have your main home in the UK, are in employment outside the EU and are not resident in the UK for tax purposes.
- You are a company, partnership or an unincorporated association.
- Supporting documentation may be requested.

Should you require further information please contact our Retail Banking International Team or visit our website.

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Anglo Irish Bank 

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