

Privatbanka, a.s.
Einsteinova 25
851 01 Bratislava 5
Slovak Republic

Re: Certification on the tax-payer's residence (Domicile) for Privatbanka's Purposes

Dear Client,

We would like to remind you of the option of confirming your tax domicile in order to avoid double taxation of your future income from Privatbanka

Explanation of the Slovak Tax Law

For individuals domicile means place of residential (home) address. It is place where the natural person has his home and circumstances indicate his intention to dwell there permanently. Taxpayers who have a residential address in the Slovak Republic or who usually stay (reside) in the Slovak Republic are liable to Personal Income Tax on income from sources in both the Slovak Republic and abroad. These persons are so called Residents of the Slovak Republic. The others who reside in the Slovak Republic for less than 183 days in the relevant calendar year are Non-Residents of the Slovak Republic and are taxed on income solely from the sources in the Slovak Republic and elimination of double taxation is applied in accordance with the relevant double taxation treaty.

For corporations, domicile means the address of the place (seat) or the address of the place from which is corporation managed. Corporations having their seat or place of management in the Slovak Republic are liable to Corporate Income Tax on income arising from sources in the Slovak Republic and abroad (Residents of the Slovak Republic). The others, not having their seat or head office in the Slovak Republic shall be liable to tax on income arising only from sources in the Slovak Republic and under the provisions of elimination of double taxation agreements (Non-Residents of the Slovak Republic).

Broadly speaking, Slovak Residents for income tax purposes are taxed on their worldwide income, whereas Slovak Non-Residents are taxed on Slovak source income only. Elimination of double taxation is applied in accordance with the relevant double taxation treaty.

Tax exemption or tax rate reduction under the provisions of treaties of avoidance of double taxation in the Slovak Republic applied automatically on the day of payment of this income. That means, that Privatbanka that pays to the Resident of other Contracting State income, e.g. dividends, interests, royalties etc., withholds the tax rate directly under the relevant tax treaty.

Therefore Privatbanka has a duty to prove the residential address of recipient of income by presenting Certification on the tax-payer's residence (so called Domicile). For the tax purposes this document must include name, firm, address of recipient of income and the signed and sealed declaration of Tax authority of Contracting State about tax-payer's domicile in the sense of the relevant article of the Convention between the Slovak Republic and Contracting State.

For making out (issue) this certification the recipient of income must apply to his own tax administrator in the state of his residential address.

If you might have any questions please do not hesitate to contact us.

Faithfully

Privatbanka, a.s.