

## Income Tax and Dividend

### UK & Ireland Individual Investors

Income tax may be due on any dividend. No withholding tax is due or payable out of the dividend in the Netherlands. You should declare dividend to your local tax office. Any tax due is collected through PAYE, or if you normally complete a Tax Return you should declare the dividend as Overseas Income on the Foreign Pages. If in doubt please contact your local tax office, see [www.hmrc.gov.uk](http://www.hmrc.gov.uk) (UK) or [www.revenue.ie](http://www.revenue.ie) (Ireland).

#### Key points to note

- There may be income tax due on any dividend paid or re-invested. This depends on your circumstances; many investors do not have any tax to pay on their investment due to the 10% **tax credit** on dividends.
- Dividend is paid gross of Income Tax. No **foreign tax** or **withholding tax** is due or payable out of the dividend in the Netherlands.
- You should declare dividend to your local tax office.
- Any tax due is then collected through **PAYE** (Pay As You Earn). If you normally complete a Tax Return you should declare the dividend as Overseas Income on the Foreign Pages, as **foreign dividend income**.
- If you have relatively straightforward tax affairs and already pay tax through PAYE you probably will NOT need to complete a Self Assessment (SA) tax return as a result of investing in Oikocredit.
- Some investors choose to waive their dividend to simplify income tax, especially if the dividend is small.

There are **three options** on the application form to indicate how you would like your annual dividend to be paid. This option can be amended by informing the UK office.

	Options	Dividend choice	Bank details required	Tax declaration
1	<input checked="" type="checkbox"/> “Automatically reinvested in depository receipts”	Choose this option if you would like your shares to grow as any dividend is <b>added to your investment</b> each year.	Only sort-code and account number are required.	Declare gross dividend to your tax office.
2	<input checked="" type="checkbox"/> “Paid into my bank account mentioned above”	Choose this option if you would like your dividend to be <b>paid into</b> your bank account (minimum £50/€50)	The full <b>IBAN</b> and <b>SWIFT-BIC code</b> are required*.	Declare gross dividend to your tax office.
3	<input checked="" type="checkbox"/> “Passed on as a gift to the Oikocredit International Support Foundation”	Choose this option if you prefer to receive <b>no dividends</b> and give Oikocredit project partners additional support.	Only sort-code and account number are required.	No need to declare a dividend as no tax is due.

\*NOTE **IBAN** (International Bank Account Number) and **SWIFT-BIC code** (Branch Identifier Code) can be found on your bank statement.

The purpose of the **Oikocredit International Support Foundation** is to mobilise grants to support the mission of Oikocredit International. The main functions are to make technical assistance grants to our project partners and to mitigate currency risk in order to provide lending in local currencies. The Foundation is situated in Amersfoort, The Netherlands. There are currently no arrangements for local income tax relief due on dividend gifted to the Foundation.

## What is the typical dividend payable?

- Oikocredit pays a modest dividend on its shares (our current policy is a maximum of 2% per year).
- Since 1989, Oikocredit has always paid its investors a dividend of 2%, except for 1998/1999 during the Asia crisis where 1% was paid.
- The dividend cannot be guaranteed, it depends on the financial results in a given year.

## When is the dividend payable?

- Dividend is paid annually in June for the previous calendar year, subject to the approval of the members.
- The Oikocredit financial year is a calendar year. For example: the dividends for holding of depository receipts or shares held during 2010 was paid out in June 2011.
- Normally Foreign Income is charged tax in the year it was received or re-invested. Therefore a dividend paid out (or re-invested) in June 2011 is declared on the 2011/2012 Tax Return for completion after April 2012.
- An annual dividend announcement and statement is sent out to investors in June each year which shows either the dividend to be paid out or re-invested.

## How is dividend calculated for a part year?

The Annual General Meeting, after consideration of the Board's proposal, decides on the allocation of annual net income. This takes place in June of the year following the financial year upon which the dividend payable is made available as (fractional) Shares reinvested or issued in cash (minimum £50/€50).

In 2012 the distribution of dividends equates to:

- 1/12 of 2% for every full calendar month of the year (January to December) that the shares were registered.
- This dividend distribution method based on a share of whole calendar months was approved by the AGM in June 2013 and is expected to be used in future years.
- Please refer to page 46 and 47 of the Oikocredit Ecumenical Development Society U.A. prospectus.

## Can you give me an example of how much tax I should expect to pay?

We understand that a typical **UK basic rate tax payer** (not completing a Self Assessment tax return) with a total of less than £300 in all foreign dividends received in one year will have no tax to pay. A typical **UK higher rate tax payer** will have 25% tax to pay on dividends.

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**Tax regulation can be complex, is subject to change and individual circumstances. We provide this information for general guidance only which to the best of our knowledge is accurate and advise you to consult a tax consultant and/or your local tax adviser for specific advice.**

If you have any questions then please call the UK office on **01995 602806** or email **uk@oikocredit.org**

Oikocredit International Share Foundation (UK office)  
The Resource Centre, Bridge Street, Garstang, Preston, PR3 1YB, UK.