

GUIDE TO DECLARATION OF INTEREST RECEIVED AND TAX MONITORING IN LENDING CROWDFUNDING PROJECTS

1. DECLARATION OF INTEREST RECEIVED

As with all investment instruments, profits, defined as interest received from investments made during the fiscal year through the Walliance platform, are income that must be declared.

Revenues from Lending Crowdfunding activities are considered "redditi da capitale" (capital gains), which will then go into the definition of the taxpayer's income and be taxed according to IRPEF

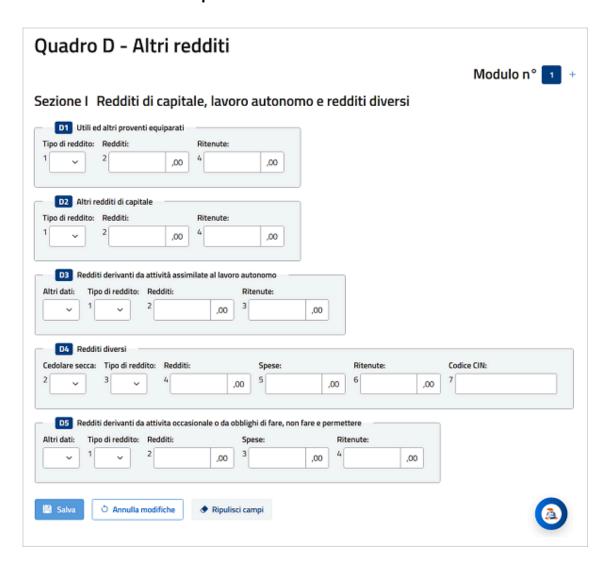
brackets for natural persons or IRES brackets for companies.

1.1 WHEN AND HOW SHOULD INTEREST RECEIVED BE DECLARED?

At the time of the Income Tax Declaration, interest received in the fiscal year for Lending Crowdfunding projects from investments made on Walliance should be reported as follows:

1. In the case of natural persons – MODELLO 730:

The total amount of interest received, from one or more investments, should be reported on line "D2 - Altri redditi di capitale".



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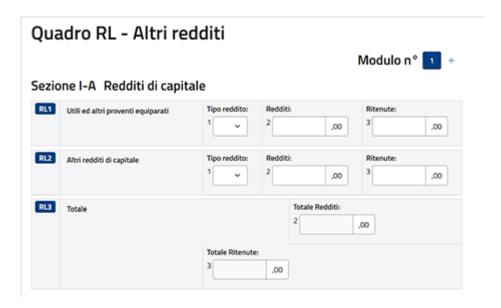
Specifically:

- a. In box 1 the type of income with Code 1 "interessi e altri proventi derivanti da capitali dati a mutuo e da altri contratti" (interest and other income from capital given on loan and other contracts) should be reported.
- b. In box 2 other capital income received, gross of any withholding taxes, should be reported.
- c. In box 4 any withholding taxes applied should be reported.

For more technical and official details on how to fill out the form, you can refer to the **instructions** provided by the Italian Revenue Agency for Section D, available <u>HERE</u>.

2. In the case of natural persons – MODELLO REDDITI PERSONE FISICHE (PF):

The total amount of interest received, from one or more investments, should be reported on line "RL2 - Altri redditi di capitale".



Specifically:

- a. In box 1 the type of income with Code 1 "interessi e altri proventi derivanti da capitali dati a mutuo e da altri contratti" (interest and other income from capital given on loan and other contracts) should be reported.
- b. In box 2 other capital income received, gross of any withholding taxes, should be reported.
- c. In box 3 any withholding taxes applied should be reported.

For more technical and official details on how to fill out the form, you can refer to the **instructions** provided by the Italian Revenue Agency for Section RL, available HERE.

3. In the case of Limited Companies (Legal Persons):



Since they are capital income they go together with the other types of income, therefore subject to IRES.

Within your personal area, by March 31 of the year of the income tax declaration (related to the previous fiscal year), a **Summary Document** will be uploaded, in which you will find all the information needed to fill out the RL2 or D2 sections, namely:

- gross interest received;
- withholding taxes.

2. TAX MONITORING AND IVAFE - COMPLETION OF QUADRO W or RW

Persons resident in Italy are required to fill out the Quadro W/RW, namely:

- natural persons
- non-commercial entities, including Trusts
- simple partnerships

Partnerships and limited companies (Snc, Sas, Srl, SpA...) are excluded.

If you fall under one of these individuals residing in Italy, you must fill out Quadro W/RW:

- if the amounts in the account exceed the € 15,000 threshold even once during the year, for the purpose of "Tax Monitoring"; and/or.
- if the average annual deposit exceeds € 5,000, (this condition applies only for the purpose of paying IVAFE, a tax on financial assets abroad, mentioned in Section 2.2).

The calculation of the average annual deposit is determined by dividing the sum of daily stocks by 365, regardless of the number of days the deposit/account is active. That is: deposit day 1 + deposit day 2 + ... + deposit day 365 / 365

2.1 FISCAL MONITORING FOR CAPITAL HELD ON FOREIGN ACCOUNTS

As specified in Circular No. 38/E/2013 of the Income Revenue Authority, not only individuals who have "foreign assets of a financial nature" are obligated to Tax Monitoring, but also individuals who simply have the availability or possibility of money transfer, thus all those who hold a foreign account.

Each user investor at the time of registration in Walliance, signs a contract with Mangopay to open a Payment Account (Wallet), where funds are transferred which are then invested or lent to the Issuer Companies.

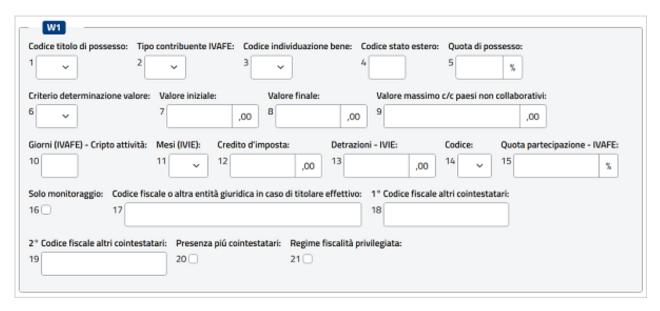
Since Mangopay is a Luxembourg Payment Institution, enabled to operate in Italy with a European passport, the subscribed payment account is considered to all intents and purposes a foreign account, and for this reason the user will have to fulfill (only) the so-called "tax monitoring" by filling out the QUADRO W/RW.

In the Summary Document, in addition to the indication of the interest and withholding taxes to be declared, information required for completing QUADRO W/RW is also provided, namely the average balance, the opening balance, and the closing balance of the Wallet.



1. In the case of natural persons – MODELLO 730:

Starting from the 2024 tax return (Form 730/2024), the Italian Revenue Agency has, for the first time, introduced the option to directly fill in Section W for tax monitoring within the pre-filled 730 form, without necessarily having to switch to the Modello Redditi.



If the taxpayer has to fulfill the tax monitoring obligations only, as communicated by Walliance in the Summary Document, they shall fill in the Quadro W as follows:

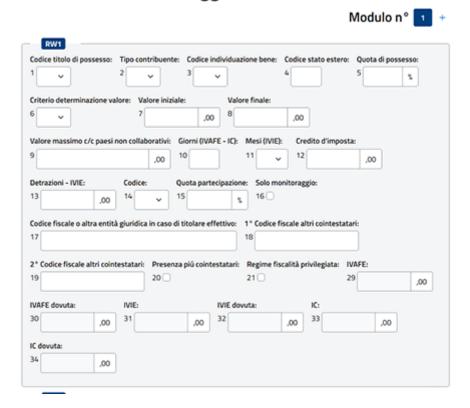
- Box 1 titolo del possesso (title of ownership): indicate "1" (full ownership);
- Box 2 indicate "2" (beneficial owner);
- Box 3 codice individuazione bene (asset identification code): indicate "14" (Other foreign assets of financial nature);
- Box 4 codice Stato estero (foreign country code): enter the code of the foreign State in which the investment is held (<u>list</u> of the countries);
- Box 5 quota percentuale di possesso (percentage share of ownership): enter "100";
- Box 6 determinazione del valore (determination of value): indicate "2" (nominal value);
- Box 7 enter the value at the beginning of the tax period or at the first day of holding the asset (provided by Mangopay through Walliance);
- Box 8 enter the final account balance at the end of the reporting year (provided by Mangopay through Walliance);
- Box 16 check the box with an "x" for monitoring;
- The other boxes remain unfilled, unless otherwise indicated.

For more technical and official details on how to fill it out, you can refer to the instructions provided by the Italian Revenue Agency for QUADRO W, available HERE.

2. In the case of natural persons – MODELLO REDDITI PERSONE FISICHE (PF):



Quadro RW - Investimenti all'estero e/o attività estere di natura finanziaria - monitoraggio IVIE / IVAFE



If the taxpayer has to fulfill the tax monitoring obligations only, as communicated by Walliance in the Summary Document, they shall fill in the Quadro RW as follows:

- Box 1 titolo del possesso (title of ownership): indicate "1" (full ownership);
- Box 2 indicate "2" (beneficial owner);
- Box 3 codice individuazione bene (asset identification code): indicate "14" (Other foreign assets of financial nature);
- Box 4 *codice Stato estero* (foreign country code): enter the code of the foreign State in which the investment is held (<u>list</u> of the countries);
- Box 5 quota percentuale di possesso (percentage share of ownership): enter "100";
- Box 6 determinazione del valore (determination of value): indicate "2" (nominal value);
- Box 7 enter the value at the beginning of the tax period or at the first day of holding the asset (provided by Mangopay through Walliance);
- Box 8 enter the final account balance at the end of the reporting year (provided by Mangopay through Walliance);
- Box 16 check the box with an "x" for monitoring;
- The other boxes remain unfilled, unless otherwise indicated.

For more technical and official details on how to fill it out, you can refer to the instructions provided by the Italian Revenue Agency for QUADRO W, available HERE.



2.2 IVAFE

IVAFE is a tax on the value of financial assets held abroad, i.e., the tax that natural persons resident in Italy must pay to the State, in the case of income from foreign financial assets (financial products).

As specified in the AdE Resolution No. 56 of 25/09/2020, if loans made through Lending crowdfunding platforms cannot be repaid early by the investor or sold to other users of the platform (absence of a secondary market), since they can be traced back to loan contracts, they do not fall within the scope of financial products. Therefore, in the absence of a secondary market, **no IVAFE payment is due for this type of investment**.