

SMPG – Tax sub-group

Telephone Conference Minutes

4th April 2013

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# Attendees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Country** |  | **First Name** | **Last Name** | **Institution** | **Participation** |
| Facilitator | N/A | Mr. | Jacques | Littré | SWIFT | Excused |
|  | CH | Mr. | Reto | Baumgartner | Credit Suisse | X |
|  | DE | Mr | Daniel | Schaefer | HSBC | X |
|  | FR | Mrs. | Kimchi | Phungtran | BNP Paribas | Excused |
| Co-chair | FR | Mr | Jean-Pierre | Klak | State Street | X |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU | Mr. | Bernard | Lenelle | Clearstream | Excused |
|  | LU | Mr | Charles | Boniver | RBC IS | X |
| Co-chair | SG | Mr | Jyi-Chen | Chueh | Standard Chartered | X |
|  | UK & IE | Mrs. | Mariangela | Fumagalli | BNP Paribas | X |
|  | US | Mrs. | Sonda | Pimental | BBH | Excused |
|  | XS | Mrs | Delphine | Haillez | Euroclear | X |
|  | ZA | Mr. | Sanjeev | Jayram | First National Bank | X |
|  | ZA | Mr | Dale | Van Rayne | First National Bank | Excused |
|  | ZA | Mr | Yusuf | Basha | First National Bank | Excused |

# Scope of the Tax Sub-group

* Tax on Events vs Tax on Transactions

Participants agree that the Tax Sub-group should be in charge of Tax related to Events and not Tax on transactions. As an example, the French Financial Transaction Tax is followed both by the FR CA NMPG and the FR SR NMPG. Furthermore, this subject is already followed by the CA SMPG so it is not necessary to put this subject in the scope of the SMPG Tax sub-group.

Nevertheless, in order to have a complete view on this subject, a confirmation will be asked to the Italian Market.

**Action**: Jean-Pierre to contact Paola

* Deadline : 16th May 2013

# List of subjects

3a. open items based on 2012 working documents

* Tax table

The group agrees not to enter into a detailed analysis of the Tax table, prior to reviewing the high level common tax workflow/ tax messaging . This tool will be rather updated according to the other analysis.

Nevertheless, in the meantime, it would be interesting to collect data usage as a supporting background for the common tax workflow/ tax messages review.



**Action**: All countries to provide their feedback for each code with a status ‘Used’ / ‘Not used’ locally. Each participant is required to give only a national view and not a global custodian point of view (involved in several countries).

* Deadline : 28th June 2013
* Tax processing flow / certification process

The document “value chain description of the tax landscape” is proposed as the future basis for Tax process analysis. As a consequence, before working directly on this document already proposed last year within the Tax sub-group, a feedback from all participants seems necessary.



**Action:** All countries / participants to come back with their comments, questions, agreements, amendments, etc … regarding the document.

* Deadline : 16th May 2013

3b. SMPG open items

2 items from the CA SMPG have been assigned to the Tax sub-group:

* CA 200.2: Different options for different tax treatment ?

Jean-Pierre explains the way it has been proposed several years ago within the French Market where the goal is to send to Non-resident clients all possible taxes. A cash dividend announcement (MT564) will contain 3 CASH options corresponding to the 3 different taxations that could be applied : regular tax rate (e.g. 33 pct), preferential tax rate (e.g. 19 pct) and tax exempt rate (0 pct). As a consequence, for an optional dividend it would have been possible to send the 3 CASH options and the related SECU options, at least one per tax rate.

**Action:** the group decides that this subject will be analysed via the Tax flow and that an agreement on this Tax flow is necessary first.

* CA 221: related to SR2012 Change requests proposed by South Africa

**Action**: Sanjeev will check within the South African Market if SR 2012 / SR 2013 answered ZA Market needs and / or if any ZA Market Practice is now in place allowing the CA SMPG to close this item.

* Deadline : 16th May 2013

3c. New items proposed by the group

No new topic to add for the moment

# Next meetings

16th May is agreed by the participants

28th June : Several people have an issue with this date. Move it to the first week of July ?

**Action**: Jyi-Chen and Jean-Pierre will propose another date.

* Deadline : 16th May 2013

# Other topics

* Usage of WITF in South Africa (ZA)

A question is asked to ZA representative about the usage of WITF in ZA market.

It is clarified that WITF is used in the context of dual listed securities that attract both foreign withholding tax (WITF) and local ZA WHT (TAXR).

As per ZA Market Practice, taxable events related to domestic instruments, that only attract local ZA WHT, do not require the usage of WITF qualifier.

**------------------------ End of the Meeting Minutes -----------------**