

SMPG – Tax sub-group

Telephone Conference Minutes

23rd June 2016

Publication: 12th September, 2016

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**Attendees**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Country** |  | **First Name** | **Last Name** | **Institution** | **Participation** |
|  | BE | Mrs | Véronique | Peeters | BNY Mellon | Excused |
| Facilitator | N / A | Mr | Jacques | Littré | SWIFT |  |
|  | CA | Mr | Cairbre | Cowin | RBC IS | Excused |
|  | CH | Mr | Reto | Baumgartner | Credit Suisse | Excused |
|  | DE | Mr | Daniel | Schaefer | HSBC |  |
|  | DE | Mr | Thomas | Rockstroh | Clearstream | Excused |
| Co-chair | FR | Mr | Jean-Pierre | Klak | State Street |  |
|  | FR | Mr | Karim | Djenadi | BP2S | Excused |
|  | FR | Mrs | Celine | Bohm | BP2S |  |
|  | FR | Mrs | Alexandra | Sellam | BP2S | Excused |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU | Mr | Nicolas | Godfrey | Clearstream | Excused |
|  | LU | Mr | Bernard | Lenelle | Clearstream | Excused |
|  | LU | Mr | Charles | Boniver | RBC IS | Excused |
| Co-chair | SG | Mr | Jyi-Chen | Chueh | Standard Chartered |  |
|  | UK & IE | Mrs | Mariangela | Fumagalli | BNP Paribas | Excused |
|  | US | Mrs | Sonda | Pimental | BBH | Excused |
|  | US | Mr | Paul | Fullam | ISITC | Excused |
|  | XS | Mrs | Delphine | Haillez | Euroclear |  |
|  | XS | Mrs | Marina | Kotti | Euroclear |  |
|  | ZA | Mr | Sanjeev | Jayram | First National Bank |  |
|  | ZA | Mr | Dale | Van Rayne | First National Bank |  |
|  | ZA | Mr | Yusuf | Basha | First National Bank |  |

**Action**: NMPGs to eventually look for tax experts candidates in their local Markets.

# Approval / comments on May 12th minutes call

Previous minutes approved

# Tax Table

Statistics provided by Jacques based on 3 months traffic in 2014 (please see attached)



Some feedbacks already received:

**NRES.**

ZA : no specific Non-resident taxation

Euroclear : NRES not used

SG : apparently not

DE : to be investigated

FR : it is used by some institutions. Further analysis to perform within the French NMPG

**TAXC / IMPU – PREC – TIER rate type codes (Imputed Tax, Precomplete, One-Tier Tax).**

Euroclear : ‘never seen’

ZA : not used for the moment but to be analyzed

SG : not used

DE : to be investigated

FR : Apparently not used; To be confirmed by a deeper check by all institutions

Proposal to go back to the Country / Market that requested the above qualifiers and double check with this Market.

**Action:**

All NMPGs to confirm usage or not of NRES qualifier and IMPU, PREC, TIER rate types codes.

# Tax processing flow

* 1. Certification process

  

Feedback received from several Markets. Please see attached.  
Some are still missing.

As per the current answers, the final proposal may result into a mix solution



Reminder of the last discussions:

In order to find out the best solution that we would be able to harmonize, should we have an IT approach and analysis ? Should we have a preference for the cheaper scenario ?

The needs are different depending on the country. Furthermore, we have to keep in mind that the process is always based on paper made documentation that our Tax teams have to manage.

Comments during May call:

UK&IE : The Tax process described is not applicable to the UK&IE markets. Nevertheless, Mari got some feedback from the UK&IE NMPG participants i.e. Global Custodians. As a consequence, the feedback relates to other countries than UK&IE.

The conclusion is that all global custodians except one (but a major one), prefer the scenario 1 (‘one event’ scenario) where certification is within the dividend announcement.

Despite of the excel spreadsheet sent to the group in order to choose between scenario 1 and   
scenario 2, it appears that it will be difficult to identify any preference.

**Action:**

Regarding the certification processing flow, the Tax sub-group will share with the CA SMPG that no consensus has been found and that no final choice can be done between scenario 1 and scenario 2.   
As a consequence, no Market Practice can be implemented on this process.

* 1. Tax Reclaims processing flow

Regarding some other topics that may be analysed by the Tax sub-group on the Tax flows, Mari raised the point regarding Tax Reclaims processing flow.

* Should it be a TREC event or is it something linked to the original DVCA event?
* In case of a separate event, should it be the same CORP reference as the original DVCA?

**Action:**

All NMPGs to come back with their comments on this topic

* 1. Question from Indonesian Market

|  |  |  |
| --- | --- | --- |
| CERT | Certification Deadline Date/Time | Deadline by which the beneficial ownership of securities must be declared. |

Jyi-chen explained that the Indonesian Market has an issue with the long definition of CERT.

In fact, the definition refers to the declaration of a beneficial ownership but the Certification process is not exclusively limited to this information. It may be only related to some documentation requirements.

**Action:**

This topic will be shared with the Corporate Actions SMPG in order to propose a change of CERT definition.

# Other topics

FLFR

The group confirms its preference for FLFR as a Rate type code. Example below:

92J::GRSS//FLFR/AUD139306,

:92J::GRSS//INTR/AUD0,0262294

:92J::GRSS//TXFR/AUD0,00084

Nevertheless, it would be prudent to reach out to the other participants within the Australian community as they could be using FLFR as a qualifier  instead of a ‘rate type code’

Furthermore, as per the Statistics of usage (see item 2); FLFR is more frequently used as a Rate type code rather than a qualifier.

A Change Request has been proposed for the next SR 2017 review.

**Action**:

Follow up of the SR 2017 Change Request.

T2S

Thomas pointed out that due to T2S Harmonization, several subjects are on the table. Couldn’t we take advantage of this moving period to harmonize some Tax topics via T2S working groups, the CAJWG or any other industry working groups?

CMU (Capital Markets Union)

Mari shared with the group that there is an European initiative : the CMU action plan and this initiative includes the resolution of the last Giovannini barriers : those related to Taxes.

# Next Conference Calls

15th Sep, 27th Oct, 15th Dec

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