

SMPG – Tax sub-group

Telephone Conference Minutes

16th September 2021

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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 | a |
|  | CH | Mr | Reto | Baumgartner | Credit Suisse | Excused |
|  | DE | Mr | Daniel | Schaefer | HSBC | Excused |
| Co-chair | FR | Mr | Jean-Pierre | Klak | State Street | a |
|  | FR | Mrs | Stéphanie | Clark-Fischer | BP2S | a |
|  | FR | Mr | Pierre-Antoine | Patinet | BP2S | Excused |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU + DE | Mr | Alexander | Reis | Clearstream | a |
|  | LU + DE | Mr | Julian | Hechler | Clearstream | a |
| Co-chair | SG | Mr | Jyi-Chen | Chueh | Standard Chartered | a |
|  | UK & IE | Mrs | Mariangela | Fumagalli | BNP Paribas | a |
|  | US | Mr | Paul | Fullam | FIS Global | Excused |
|  | US | Mrs | Vandana | Pasricha | BBH | Excused |
|  | US | Mrs | Elizabeth | Lanfear | BBH | a |
|  | US | Mr | Caleb | Lanfear | BBH | Excused |
|  | US | Mr | Ian | De Sacia | DTCC | Excused |
|  | US | Mr | Steven | Sloan | DTCC | Excused |
|  | US | Mr | Greggory | Lewis | GlobeTax | a |
|  | XS | MR | Jean-Paul | Lambotte | Euroclear | Excused |
|  | XS | Mr | Eric | Marega | Euroclear | a |
|  | ZA | Mr | Sanjeev | Jayram | Rand Merchant Bank | a |

# Approval of April and July 2021 minutes call

April and July call minutes are approved.

# Tax on Non-Distributed Proceeds Indicator (TNDP) + various US Change Requests

September 2021 call

JP explained that the different US Change Requests were submitted for review to the SWIFT Standards Maintenance Working Group (MWG) for the 2022 SWIFT Release.

a/ New event type for Tax classification was rejected by the MWG

b/ TNDP code as been accepted as repetitive and there will be also a definition change of the current TNDP code

c/ Type of Income (ITYP): a new code will be created representing ‘Other Type of Income’.

Please see attached the minutes of the SR2022 MWG session which includes the US Change Requests.



July 2021 call:

Three SR 2022 Change Requests have been submitted by the US Market on this topic.  
Steve provided some details and described the proposed Change Requests. Please see below.

a/ Add new Event Type for Tax Classification

DTCC is requesting a new CAEV code TXCL Tax Classification. The purpose of this new code is to handle a scenario whereby an event will be announced solely to announce a classification of a distribution event which was announced under a different corporate action event id. This is required based on new functionality related to IRS regulation 1441. For certain US Distribution events, DTC receives information from the issuer of securities which states that distributions will have multiple classifications for IRS 1042-S purposes. DTC will provide payment details on the original announcement from the exchange. However, a second event will now be created and applicable only withholding and reporting income to Non-US holders for US tax purposes. The issuer will provide a breakdown such as Publicly Traded Partners with qualified notices that contain multiple income classifications for IRS 1042-S reporting. Each of the classifications will state the Income Type code within the Cash Movement showing the IRSX code such as, Dividends, Return of Capital or Short-Term Capital Gains.

The purpose of the second event is to further classify the original event. Downstream US holders that are also acting as US Withholding agents would know by the event type that there will be no income distribution for this Tax Classification event but could benefit from receiving the information which they may need to process withholding and reporting for their Non-US holders.

=> currently, the information is provided via an OTHR event.

b/ New Tax Regulation Indicator or Renaming of existing Tax on Non Distributed Proceeds Indicator  
  
When new tax regulations occur, often there is the need to announce that details of a Corporate Action event are governed by a particular Tax Regulation. This was previously done for the Tax on Non-Distributed Proceeds Indicator to indicate that an event occurred under IRS Regulation 305c or 871m, even though no entitlement of cash or securities were distributed. Having a broader Tax Regulation Indicator allows for the centralization of any tax regulation and can be adjusted in the future by Data Source Scheme Updates. Such an indicator also provides for better routing of the announcement to the appropriate tax group within an organization and eliminates the need to use narrative to convey the Tax Regulation ID.

Create new 22F Indicator: Tax Regulation Indicator which will contain the Regulation ID  
(Identification) Issuer and Scheme Name of the Tax Regulation. This will allow an announcement to indicate when a particular regulation such as IRS 1446 is applicable to the details of the event. This will help recipients of the MT564 / CANO comply with specific tax withholding and reporting regulations.

Each of these could be given an Identification such as US01, US02 and US03:

IRS 1446(f) –Additional Withholding Notification (e.g. US01)

1446(f) imposes a 2nd tax on distributions to non-US holders of securities classified as Partnerships for US tax purposes. For example, on a $1,000 distribution to a non-US person, US tax laws may require 37% to be withheld on the full amount of the distribution (IRS Income Code 27). In addition, 1446(f) may also state that $750 of the distribution is also subject to a 10% tax (IRS Income Code TBD). The foreign person would have $445 ($370 (37% of 1,000) + 75 (10% of 750)) withheld on the distribution. For U.S. purposes, there would be $1,750 in gross income reported on Form 1042-S. Form 1042-S is the US tax form issued to non-US persons that receive US source income.

Note: To a US person this 2nd level tax is not applicable.

IRS Regulation 1441 – Distributions with multiple US tax classifications (US02)

How a distribution is treated for US tax purposes may depend on whether the person is a US resident/citizen or a non-US person. The functionality we are building is specific to US source payments made to non-US persons that are reportable on US IRS Form 1042-S. It doesn’t address any other scenarios such as payments to US holders, or how a non-US gov’t (e.g. Canada, Germany) would view the payment.

This functionality is for securities that make distributions that may have multiple classifications for US tax withholding purposes. For example, a portion of a payment may be considered a dividend and another portion may be considered a capital gain. The functionality would be useful for REITs, Funds (e.g. ETFs), Partnerships, Exchange Traded Notes, common stocks, among other securities.

IRS Regulation 1446f - 92 Day Qualified Notices (US03)

In addition to the above, 1446(f) imposes a 10% withholding tax on dispositions (i.e. sales) of partnerships by non-US persons. There are exceptions to the requirement that brokers withhold 10% when a non-US client sells a partnership, including if the partnership issues a Qualified Notice stating that it does not have any Effectively Connected Income with a trade or business in the US. If the partnership issues this Qualified Notice then for the next 92 days Brokers are not required to perform the 10% withholding on sales of the partnerships.

c/ Make Type of Income (ITYP) Repetitive in both Securities and Cash Movements

DTCC currently utilizes the Income Code field within the MT564 / CANO message to display the IRS Tax code applicable to events in the US Market. DTC will also begin including the CRAX Income Code, which is the Canadian Revenue Agency’s NR4 Income Code use to report payments made to non-resident Canadians. The CRAX Income Code can be used to identify Canadian source payments, NR4 reporting if you are a Canadian withholding agent, or to file for tax refunds with the Canadian Revenue Agency if you are a non-resident for Canadian tax purposes.

There are situations where there can be both a US and Canadian Income Type code for the same movement. There is no way in the standard to announce this in this manner. DTCC is asking to make the field repetitive so the IRS code (IRSX) and the Canadian Revenue Authority Code (CRAX) can be reported in the announcement within the same movement.

April 2021 call:

A new topic has been proposed by the US Market.

They proposed for discussion the need to broaden the Tax On Non-Distributed Proceeds Indicator on the MT564 / CANO so that it can be used to indicate when an event is based on a Tax Regulation and then be able to use the Data Source scheme appropriately.    
There are three tax regulations which will be occurring in the US market to which the US Market would like to output an appropriate code to indicate which Tax Regulation this is related to.    
3 solutions were proposed and discussed with the Tax sub-group:

1. Change the name of the field from Tax on Non-Distributed Proceeds Indicator to Tax Regulation Indicator.
2. Keep the Tax on Non-Distributed Proceeds Indicator and add a new qualifier Tax Regulation Indicator which could be used instead of the TNDP indicator when not related to a TNDP scenario.
3. Keep the existing Tax on Non-Distributed Proceeds indicator and change the definition (not the preferred one but will be needed in the short run until either option 1 or 2 could be implemented.)

The need is related to US source payments for non-US persons and a new regulation which will be implemented on January 1st, 2022.  
Unfortunately, from a DTCC perspective, only 1 MT564 / CANO covers both cases: non-US persons and US persons

3 different scenarios were explained during the call:

Scenario 1: distribution of a partnership.  
questions raised during the call:  
- will it be mandatory to mention the Regulation in the announcement message?  
- couldn’t we use TAXR + WITL, WITL used to highlight a second level Tax?  
- should we have separate events or not for these cases?

Scenario 2: USD payment split into multiple components  
The assumption is 1 CAEV per event so possible to distinguish per Regulation.  
Shouldn’t we use ITYP?

As per the explanation provided, the case looks similar to the sundry payments in Australia.

Question about an ADDB to use.

Dale explained that in South Africa, for ETF distributions, there are different events because different rates.

On the other hand, Eric is not convinced that a new CAEV is necessary for this scenario but referring to 1446F regulation could be interesting. ITYP could be a possible solution to investigate.

The group is also asking about the volume concerned.

Scenario 3: 1446F imposes a 10% tax for non-US partnership. 92 days’ notice for withholding. The assumption is to use a INFO event. Here again, need for a new CAEV … or potentially not if, instead, there is a new indicator.

**Action**:

Topic closed.  
Nevertheless, the Tax sub-group will check with the global SMPG if some topics will fall into the Tax Sub-group further to the SR2022 MWG session. If so, they will be handled as separate items.

# Tax “Refunds” in the Opposite Direction.

September 2021 call:

The UK/IE is due to take place on 16th afternoon (after the Tax Sub-group call). Mari should have a final feedback from the UK / IE Market on this topic.

July 2021 call:

Mari didn’t receive any feedback from the UK Global Custodians. She will raise again this topic at the next UK/IE NMPG call.

April and February 2021 call:

Topic on hold.   
JP would like to check again with Mari and get any potential feedback related to the UK Market.

December 2020 call:

The subject was not discussed in the UK Market yet.

Nevertheless, 2 scenarios were highlighted during the call:  
- scenario 1 = when the Custodian is also a withholding Tax agent. In this case, there is a payment to Tax Authorities so if there is a change in the withholding tax, it is reversed from Tax Authorities to the custodian. In such a case, a cancel / replace is necessary.

- scenario 2 = quick refund (e.g. Belgium, Spain). In this case, the issuer is used to request specific documentation. So in our case, it means that the complete documentation was received after the initial payment. Here, the event which is used is a TREC (with the rate qualifier TXRC) and not the initial DVCA.

As a conclusion, the group still has an issue between ‘posting’ and ‘not posting’ case. If the withholding tax has been posted, then it can’t be anything else than a cancel / replace.

More generally speaking, and despite of the fact that Robin Leary already provided some examples, there is no specific NMPG request raised on this topic so it would be preferable to have first some NMPGs feedbacks and / or a specific request from a Market where there is this issue.

October 2020 call:

Final decision to take on this topic

Jacques also raised the fact that this topic has no number assigned for the follow-up.

It has been agreed during the call that if the topic is maintained, a number will be assigned, if removed, no more need for a number.

Mari suggested to see if some additional examples could be found in some other Markets and this case will also be shared within the UK Market.

June 2020 call:

Further to Robin Leary’s previous presentation in April, some additional comments were raised during the June call:

Liz confirmed that her preference is a Cancel / Replace process via MT566  
Sanjeev explained that the context was understood but it should be considered as an adjustment of an incorrect initial posting  
Finally, Mari suggested to see if some additional examples could be find in some other Markets and this case will also be shared within the UK Market.

April 2020 call:

The call started by a presentation by Robin Leary of the business case related to the so called topic ‘Tax ‘’refunds’’ in the opposite direction’.

To help discussions, some additional examples were provided by Robin. Please see below:

‘’It’s kind of a reverse of the tax refund. Instead of crediting an amount because too much tax was paid, this is debiting because too little tax was paid.

The way we’ve looked to do it is as a tax refund but with a debit CASHMOVE and a negative TRXC rate (instead of a positive one you’d normally see with the refund).

The following example is from an UAT environment with GBP element but the case is related to Japan and LATAM countries.’’

**Scenario:**

Original WTH rate =                         10%

Original Local rate =                        30%

Gross Dividend =                              GBP 2.18

WTH Tax =                                           GBP 0.22

Net Received =                                  GBP 1.96

Local Tax =                                          GBP 0.65

Net Dividend =                                  GBP 1.31

Replacement WTH rate =              50%

Replacement Local rate =              5%

Tax Reclaim rate =                           (-)15% (i.e. 10%-50%+30%-5%)

Tax Reclaim amount (Debit) =     GBP 0.33

**Tax Refund MT564 Entitlement Notification:**

:16R:GENL

 :20C::CORP//39931900300

 :20C::SEME//39931900304/001

 :23G:NEWM

 :22F::CAEV//DVCA

 :22F::CAMV//VOLU

 :98C::PREP//20191122074727

 :25D::PROC//ENTL

 :16R:LINK

 :13A::LINK//566

 :20C::PREV//39931900301/003

 :16S:LINK

 :16S:GENL

 :16R:USECU

 :35B:ISIN GB00B0FYMT95

 HELICAL PLC

ORD GBP0.01

 :16R:FIA

 :94B::PLIS//EXCH/XLON

 :22F::MICO//OTHR

 :16S:FIA

 :16R:ACCTINFO

 :97A::SAFE//6000000000

 :93B::ELIG//UNIT/150000,

 :93B::INBA//UNIT/0,

 :93B::UNBA//UNIT/150000,

 :16S:ACCTINFO

 :16S:USECU

 :16R:CADETL

 :98A::RDTE//20190131

 :98A::XDTE//20190131

 :92F::INTR//GBP14,5

:22F::ADDB//CAPA

 :22F::ADDB//TAXR

 :16S:CADETL

 :16R:CAOPTN

 :13A::CAON//001

 :22F::CAOP//CASH

 :11A::OPTN//GBP

 :17B::DFLT//Y

 :98B::RDDT//UKWN

 :16R:CASHMOVE

 :22H::CRDB//DEBT

 :97A::CASH//00000012345678

 :19B::GRSS//GBP0,33

**:19B::TXRC//GBP0,33**

 :19B::ENTL//GBP0,33

 :98A::PAYD//20190131

:92A::TXRC//N15,

 :16S:CASHMOVE

 :16S:CAOPTN

 :16R:ADDINFO

 :70E::ADTX//TEST  6

 :95P::MEOR//CITIGB2L

 :16S:ADDINFO

**Tax Refund MT566 Confirmation:**

:16R:GENL

 :20C::CORP//39931900300

 :20C::SEME//39931900304/002

 :23G:NEWM

 :22F::CAEV//INTR

 :98C::PREP//20191122074727

 :16R:LINK

 :13A::LINK//564

 :20C::PREV//39931900304/001

 :16S:LINK

 :16S:GENL

 :16R:USECU

 :97A::SAFE//6000000000

 :35B:ISIN GB00B0FYMT95

 HELICAL PLC

 ORD GBP0.01

:16R:FIA

 :94B::PLIS//EXCH/XLON

 :22F::MICO//OTHR

 :16S:FIA

 :93B::ELIG//UNIT/150000,

 :93B::CONB//UNIT/150000,

 :16S:USECU

 :16R:CADETL

 :98A::RDTE//20190131

 :98A::XDTE//20190131

 :22F::ADDB//TAXR

 :16S:CADETL

 :16R:CACONF

 :13A::CAON//001

 :22F::CAOP//CASH

 :16R:CASHMOVE

:22H::CRDB//DEBT

 :97A::CASH//00000012345678

 :19B::GRSS//GBP0,33

 :19B::TXRC//GBP0,33

 :19B::NETT//GBP0,33

 :19B::PSTA//GBP0,33

 :98A::POST//20191115

 :98A::VALU//20191115

 :98A::PAYD//20190131

 :92A::TXRC//N15,

 :92F::INTP//GBP14,5

 :16S:CASHMOVE

 :16S:CACONF

 :16R:ADDINFO

 :95P::MEOR//CITIGB2L

 :16S:ADDINFO

Discussion during April 2020 call:

People need to disregard the split between INBA / UNBA balances. UNBA balance is only due to test environment so not a key point in the example provided.

The first point raised to Robin by the tax subgroup was this issue related to the Cancel / Replace process not applied in the proposed scenario.  
  
In the different / comments questions:  
  
Is it an internal adjustment or related to a Market adjustment? If it is a Market adjustment, then it can’t be something else than a cancel / replace. Furthermore, knowing that additional cash will come in relation to the Tax Reclaim, it is difficult to identify the exact Tax rate without a cancel / replace. The original local rate needs to be known.

Even if the rationale is clearly understood, the IT systems are not built for negative Tax rates.   
It may create a potential issue in the reconciliation process.

.

Robin explained that the reason why the cancel / replace was not envisaged is due to the fact that here we are in the case of a first booking / posting followed by a second booking /posting.  
Today, there are no messaging related to this case, the information is only sent via email.   
It is the aim of this proposal to migrate into a SWIFT based format

Mari highlighted the fact that we need to pay attention on countries where there is a Tax Credit process.

If the solution proposed by Robin is accepted, the group confirmed the need of a clear definition and process knowing that the 2 following cases need to be taken into consideration:

a/ Markets with a standard Tax reclaim process  
b/ Markets where a quick refund is applied. It is a practice in some Markets to credit the difference. Example of the QI certification: first, the account may be taxed at 30pct and when the certification is provided a credit of 15pct is posted back.

In addition to the US, in some countries such as Italy or France, when the required documentation is received, the local custodian being also a Tax agent can adjust the original rate.

Regarding the second event (the adjustment), should it be under the same Corporate Actions event (i.e. DVCA as in the example provided by Robin) or rather a TREC (long definition = event related to Tax Reclaim activities)?

It appears that there is a need for a common example that could cover all cases. Some additional examples related to different Markets will be also welcome.

As a conclusion, if the Tax sub-group agrees on the proposal, the only impact would be to change the current TXRC definition in the SWIFT standards.

Current TXRC definition:

|  |  |  |
| --- | --- | --- |
| TXRC | Reclaim of Taxes | Amount that was paid in excess of actual tax obligation and was reclaimed. |

\* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \*

February 2020 call: No progress. JP will double check if the topic is still open

Comments / additional questions during December 2019 call:

Is the case similar to Tax adjustment as for QI in the US ?

We need to clarify if it is related to a payment adjustment or refund because refund may implies other concerns such as tax collection to Tax authorities

Are we in a Quick refund scenario ? but what could be the added value compared to a cancel / replace ?

Similarly to the above question, is it rather an adjustment on the income payment or an adjustment on the taxation part (Tax reclaim itself) ?

Sanjeev will check how it works in South Africa because this case seems to remind him a similar scenario in the South African Market.

**In addition, Daniel sent also some comments by email:**

*To me, if the tax rate of a payment has been wrong, this is totally different than a tax reclaim.*

*An incorrect payment calls for a reversal and corrected payment.*

*A Tax Reclaim is generally initiated by the investor on a case-by-case basis; sometimes it is based on a standing instruction.*

*A correction of the tax rate as a tax credit would generally not be processed as a tax reclaim credit.*

*Similarly, a correction of the tax rate as a debit should also not be processed as a reverse tax reclaim.*

*If the tax rate or the taxable amount was incorrect, a new MT564 should be sent, correcting the previous announcement. Many actors would not expect to receive an MT564 with corrections of event data once the event has been processed. The only case where 564s should follow 566s would be Market Claims and these messages should not be used to amend important event data.*

*The majority of actors would therefor expect the MT566 to be reversed before receiving an MT564 with corrected event data fields.*

*Therefore, the tax should not be corrected by merely posting a tax reclaim to pay the tax difference amount, but as a reversal and corrected new posting.*

Discussion during October 2019 call:

The group was wondering why the process was not proposed or managed via a Cancel / Replace? Referring to the example: 'Tax applied was 15% and it should have been 20%',  
1. Is the need only to communicate the difference between the two tax rates / amounts applied  
or  
2. Is there any posting adjustment on client account?

Nevertheless, in both cases, the group would recommend a Cancel / Replace process.

JP will come back to the requestor in order to get some more documents or Market examples on this case in order to clarify the business scenario.  
The group also asked how often this case appears?

**Action**:

Final feedback expected from the UK/IE NMPG and more particularly from UK Global Custodians

# CA 438 Review GMP1 section 3.14 - (Movement Sequence & Tax Rates)

July and September 2021 call:

3.14 needs to be reworded. Mari and JP will work on it to propose a new version to the Tax sub-group.

April 2021 call:  
JP would like to check again with Mari the exact issue that has been raised in the past.

February 2021 call:

JP shared with the group the current definition of the section 3.14. Please see below.

**3.14 Movement Sequence Usage in the MT564**

All prices and rates are to be included at the relevant movement level (sequences E1/E2), not the option level (E). The only exception to this rule is when there will be no corresponding movement for the rate/price, at any time in the event. In this case, the rate/price can be included in sequence E. If the rate/price cannot be included in sequence E due to standards reasons, it must be included in the “Additional Text” element [**seq. E or F - :70a::ADTX <> E or F / AdditionalInformation / AdditionalText]**.

When multiple prices/fees and rates are announced for an option, each should be specified within its own movement sequence. An exception is use of ”Interest Rate Used For Payment”, ”Gross Dividend Rate” and “Net Dividend Rate”, and the applicable tax rates (for instance. ”Withholding Tax Rate”), when several rates can be included in the same movement sequence.

The Notification message should accurately reflect the projected movements on the cash/securities account, per option. If an option is included in the Notification with two cash movements and one securities movement, the Movement Confirmation message sent for that option should also include two cash movements and one securities movement. (Please note that these movements can be sent in separate Movement Confirmation messages.) See also section 6.10.

As per the original comments related to this topic, JP proposed to remove the part (highlighted above in yellow). Nevertheless, it appears that WITL is still repeatable.  
Consequently, JP will double check with Mari and Christine, co-chairs of the CA SMPG what was the initial issue regarding the wording of this section 3.14

June 2020 / October / December call: no progress.  
JP will share with the group the current version of the GMP for further discussion.

April 2020 call: still no progress and unfortunately impossible to be covered during the global SMPG due to the special circumstances and limited attendance physically present in South Africa

February 2020 call:

No progress on that topic. To see if it could be discussed during SMPG in South Africa

Comment during December 2019 call:

Mari explained the case where one dividend could have different tax rates applied and according to the issuer, announced in two separate events.

In the UK Market, it appears that there is one event for the normal dividend and a second event announced with property rate

In other Markets: there are also some cases with multiple components on the distribution so tax rates were repeatable which is no longer the case.

Urban explained that the scenario is not necessarily applicable for Nordics

Alexander and Eric, from their ICSD perspective pointed out that it could relate to some few Markets and some specific instruments… but breaking the STP due to a specific case and specific Market practice.

Sanjeev also identified a similar scenario for South Africa and will provide an example

Comment received by email from South Africa prior to October 2019 call:

“Ideally each distribution (component) should be communicated in its own movement and we are not aware of instances where a distribution may be subject to more than 2 withholding taxes, i.e. as announced by the issuer and the local. We acknowledge though that a distribution may be subject to multiple taxes, e.g. withholding, capital, income, transfer tax, etc. Furthermore, we’re of opinion that blended rates (made up of 2 or more rates) do not provide the required clarity and therefore we should encourage that each component should be communicated as a separate movement. The use of blended rates could then be considered for a specific market practice, i.e. only for that particular market.”

Input from Frankfurt April 2019 SMPG meeting discussions:  
Mari described the background.

Different component of income distribution should have the relevant tax rate in the same cash movement block as per section 3.14 MP. However, it is no longer fully possible to follow section 3.14 after CR1294 in SR2018 stopped TAXR and WITL tax rates from being repeated.

It’s no longer possible to have several rates repeated in the subsequence so the market practice is no longer correct.

Dividend, real estate, capital return should be in different movement sub-sequences with the applicable tax rates. If you have the same tax rate then it’s ok to show all income in one subsequence.

**Action**:

Mari and JP will propose a new version of the 3.14 to the Tax sub-group.

# CA470 DVOP - How Best to Reflect Tax and CINL on DVOP

September 2021 call:

Templates proposed to the global CA SMPG. No further action required from the Tax sub-group.

July 2021 call:

Randi and JP will prepare new templates to describe the following scenarios:

• Taxable SECU option for a taxable clients

• Taxable SECU option for an exempt clients

• Exempt SECU option for a taxable clients

These templates will be either shared with the Tax sub-group or directly with the global CA SMPG

April 2021 call:

Topic presented to the CA SMPG. No additional action for the Tax sub-group.

February 2021 call:

First feedback within the group is that the PRPP being a Market information, it would be better to manage it as a general data and not a net calculated amount after tax being applied.

Input from Randi Hattens (Danish Market) during the global SMPG meeting end of September 2020:



The event template R/M/O (Repetitive / Mandatory / Optional) should be aligned with the EIG+.

During, the global SMPG, the Tax Sub-Group volunteered to work on how to best format the SECU option details.

**Action**:

Topic closed for the Tax sub-group. Shared directly with the CA SMPG.

# Market updates

Attached the follow up file covering the different Market initiatives.



Below an extract of this file limited to open topics



Comments during September 2021 call:  
Eric raised the fact that the Spanish FTT was discussed during the last ICMSA Tax meeting.

More particularly, it has been confirmed that conversions from XS to Spanish securities are in scope of the FTT. It has been raised again that issuers are responsible for the information and not the agents, so the agents have to remind to issuers their responsibility, making the information available to the Market.

Alex shared with the group that some amendments will, probably, be necessary in the MT 564 / MT565 in relation to the Collateral Management Harmonisation and European Tax Harmonisation   
(= AMI-SeCo). More particularly, it appears that WTRC qualifier will require a sub-qualification.

# Next Conference Calls

Next calls scheduled for 2021: 4th November and 16th December  
(calls from 2:00 to 3:30 pm Paris time)

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