

SMPG – Tax sub-group

Telephone Conference Minutes

5th May 2022

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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 | Excused |
|  | FR | Mr | Pierre-Antoine | Patinet | BP2S | Excused |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU + DE | Mr | Alexander | Reis | Clearstream | Excused |
|  | LU + DE | Mr | Julian | Hechler | Clearstream | Excused |
| Co-chair | SG | Mr | Jyi-Chen | Chueh | Standard Chartered | Excused |
|  | 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 |
|  | ZA | Mr | Riian | de Klerk | Rand Merchant Bank | Excused |

# Approval of March 2022 minutes call

March minutes are approved.

# CA 470 – Tax breakdown Market Practice on DVOP / DRIP

May 2022: Please find attached the last version of the Market Practice prepared by Mari related to the Tax breakdown on DVOPs / DRIPs



JP will also share with the group the Change Request related to this MP (Tax rate and Tax amount to add to the Securities Movement sequence).  
See attached the draft version of the Change Request initially proposed mid-May by the SMPG.



March 2022: no update. Work in progress  
  
January 2022: Separately from the initial Market Practice (MP) that focused on DVCA / INTR (see CA 498), a new topic will be open to work on an additional MP dedicated to DVOP and DRIP events.

**Action**:

Mari and JP to follow-up this topic. No more actions for the Tax sub-group

# CA 500 - CA Tax - Add new Event Type for Tax Classification (SR2022 CR 001796)

May: no update, still under discussion within the US Market

March 2022: topic under discussion within the US Market

January 2022:  
The SMPG CA WG (Tax Subgroup) to further investigate the US business case, the information sent in OTHR event today and look at what solutions exist in other countries that could be the object of a new change request to solve this case in 2023.



**Action**:

To be checked within the US Market first

# CA505 – CA - Add new Other Type of Income Qualifier in Movement Sequences (SR2022 CR 001791)

May: no update, still under discussion within the US Market

March 2022: topic under discussion within the US Market

January 2022:  
Tax subgroup to put forward a MP

The US participants explained that these 2 subjects (CA 500 and CA 505) will be discussed first within the US NMPG in order to propose something to the Tax sub-group.

**Action**:

Ad hoc group created in the US Market to work on the OTYP new code

# Same taxation applied twice on the same Income event

May 2022:

Mari detailed the fact that, here, the scenario is where there is the same tax regime (i.e. same German tax on a German security) vs different tax regimes applied.

Proposal to use TAXR for the first one and the second ATAX  
The topic will be discussed within the German Market. The goal will be to implement a Market Practice rather than launching a Change Request due to the fact that the volumes are very low on such a scenario.

Topic closed for the Tax sub-group for the moment.

March 2022:

To continue the discussion and presentation of the scenario, Mari explained that there is a question related to the reporting of this double taxation and also how to manage the reversal of this taxation when it occurs?

The case seems to be only applicable to German securities held outside Germany with a German intermediary in between.  
Consequently, what is the volume of such cases. Is it a rare scenario?

Regarding multiple taxation, the group referred to some old discussions that took place in regards to the South African model and where TAXR is the taxation applied by the issuer / issuer agent and WITL is the additional local South African Tax.

Unfortunately, the German scenario appears different because it relates to the same taxation applied twice.

January 2022:

Mari shared with the group a specific scenario where the same Tax is applied twice on the same event.

For example, on German securities, a first taxation can be applied by an ICSD and then the same taxation will be applied by the German sub-custodian.

**Action:**

No more actions for the Tax sub-group. Topic closed.

# Market updates

Attached the follow up file covering the different Market initiatives.



Below an extract of this file limited to open topics:



# AOB

Jacques updated the CA SMPG Tax sub-group contacts on the SMPG website.

# Next Conference Calls

Next call scheduled for 2022: 30th June

2pm Paris time

Calls for the second part of the year to be proposed.

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