

SMPG – Tax sub-group

Telephone Conference Minutes

22nd September 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 | Mihaela | Fallourd | BP2S | Excused |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU + DE | Mr | Alexander | Reis | 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 | Excused |
|  | US | Mr | Caleb | Lanfear | BBH | Excused |
|  | US | Mr | Ian | De Sacia | DTCC | Excused |
|  | US | Mr | Steven | Sloan | DTCC | Excused |
|  | US | Mr | Greggory | Lewis | GlobeTax | Excused |
|  | 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 June 2022 minutes call

June minutes are approved.

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

September 2022:  
Mari is currently merging the initial Market Practice (MP) document dedicated to DVCA with the specific DVOP related MP integrated the last updates. The final document will be shared with the Tax sub-group when finalized

Please see also attached the minutes of the SR2023 Corporate Actions Maintenance Working Group (MWG) where the ad hoc Tax Change Request CR 001846was proposed and approved by the MWG.



June 2022:

Please find attached the last updated version of the Change Request submitted for the SR2023.  


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**:

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

# CA 505 - Add new Other Type of Income Qualifier in Movement Sequences (SR2022 CR 001791)

September 2022:still no updates from the US Market  
  
June: work in progress within the US Market in order to propose a first draft to the Tax sub-group.

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**:

US Market to propose a Market Practice on the OTYP new code

# CA 541 - CA Tax - Harmonisation of the DSS usage for tax related indicators (TNDP/ETYP/ITYP/OTYP)

New topic.

Discussion to launch within the Tax sub-group regarding some DSS that are used in relation to Tax indicators.  
For example, for TNDP, the Market Practice currently recommends the usage of the “SMPG” code for the DSS whilst for ETYP/ITYP, specific DSS is used like “IRSX” for the US.

# Market updates

Attached the follow up file covering the different Market initiatives.



Below an extract of this file limited to open topics:

|  |  |  |  |
| --- | --- | --- | --- |
| **Market / Country** | **Country  code** | **Initiative** | **Expected  implementation date** |
| Germany | DE | Tax Reclaims under xml i/o paper made documents | 01/01/2023 |
| Denmark | DK | Relief at Source implementation | 2023 |
| Spain | ES | Spanish Financial Transaction Tax (FTT) | January 2021 |
| EU | EU | CMH and European Tax harmonisation (AMI-SeCo) | on-going |
| Hungary | HU | Financial Transaction Tax in Hungary | 01-Aug-22 |
| Sweden | SE | New Withholding Tax act | 2023 |

Focus during the September call on Spanish and Hungarian FTTs.  
Additional comments also provided on the future Tax reclaim process in Germany.

# AOB

* Current usage of MT568 vs MT20022 implementation:   
  Alexander asked a question regarding the current usage that some institutions may have of the MT568 (i.e. stand alone message for some Tax related topics, e.g. US Tax) and the future ISO 20022 implementation: will the seev.038 message (CANA – CorporateActionNarrative) be the corresponding one ?  
  Jacques explained that there is no link between the seev.038 and the MT568 so no replacement expected.  
  Mari asked why MT568 is used. Looks to be a sort of replacement of an MT599 for instruction purpose.

Eric, on his side, confirmed that Euroclear is not using MT568 for such a purpose.

* Jyi-Chen raised an issue regarding a change of the 1446 regulation and the impact on the ‘Publicly-Traded Partnerships’ (PTP).  
  Eric explained that there is an official list of US partnerships so the issue is rather on non-US securities.

Please see attached the Euroclear Newsletter  “***US partnerships and certain foreign partnerships with US connection no longer eligible in Euroclear Bank***” and the current list of **US** PTPs (MLPs) provided by Eric after the call.



Please find also below the links of the info source.

[Newsletter - US partnerships and certain foreign partnerships with US connection no longer eligible in Euroclear Bank - Euroclear](https://clicktime.symantec.com/15tpTo1Kshs4CwvSafa5L?h=bRMUXmFxr9O-bkgV2-3f8TUsR_6QtHXNG6IznugMOIk=&u=https://my.euroclear.com/eb/en/news/newsletters/other/2022/2022-N-007.html)

[Current MLPs and MLP Funds - Energy Infrastructure Council (eic.energy)](https://clicktime.symantec.com/15tpNxp3R6BTo16X37Avi?h=MsQqce40yes_x2GkPgowHmQC30cYPli3oaVT2sKGB6c=&u=https://eic.energy/current-mlps-and-mlp-funds/)

# Next Conference Calls

Next call scheduled for 2022: 17th November 2pm Paris time

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