

SMPG – Tax sub-group

Telephone Conference Minutes

13 October 2023

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**Attendees List**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Country** |  | **First Name** | **Last Name** | **Institution** | **Participation** |
|  | BE |  | Vacant |  |  | Excused |
|  | CH | Mr | Reto | Baumgartner | Credit Suisse | Excused |
|  | DE | Mr | Daniel | Schaefer | HSBC | Excused |
|  | FR | Mr | Stephane | Peard | SGSS | Excused |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU + DE | Mr | Alexander | Reis | Clearstream | 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 | a |
|  | US | Mr | Steve | Sloan | DTCC | a |
|  | 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 | Excused |
|  | ZA | Mr | Riian | de Klerk | Rand Merchant Bank | Excused |
| Facilitator | N / A | Mr | Jacques | Littré | SWIFT | a |

# Approval of 13 October 2023 minutes

July 11 minutes are approved.

# Tax SG Co-Chairs Update

As already announced at the last call in November 2022, Jean-Pierre Klak has left the SMPG and more recently beginning of July, Jyi-Chen Chueh has resigned from SC and has also resigned from all his positions at the SMPG in particular the one of APAC Regional Director.

As a consequence, the 2 co-chair positions in the Tax Subgroup are now vacant and open to new candidates.

**If anyone is willing to apply to one of the SMPG Tax SG co-Chair position, please contact Mari and Jacques to indicate your interest so that the subgroup can continue to function.**

**Action**: For the CA WG meeting in November, ask all SMPG members to reconfirm the participation to the Tax SG to ensure greater participation and call for new co-chairs

# CA577 – CA Tax - Tax Breakdown MP Update for SR2023

Draft MP for SR2023:



No comments have been provided on the draft.

The SR 2023 MP is approved.

**Action**: Jacques to publish the document

# CA500 - CA Tax - Add new Event Type for Tax Classification (SR2022 CR 001796)

Input from ISITC:



Input from Sanjeev:

Processing the additional tax (or debit) within the original event is favored because it may assist for the appropriate accounting. Whilst a cash debit will be the way to process will it be an additional cash move on the original option and would we use the option narrative to provide detail. Otherwise we could look to add an option feature, post entitlement payment reclassification.

*Reclassification:* bycrediting the reclassified amount as capital distribution in a CAPD event with the same dates as per the original income event.

This could potentially be done on the original event too – same as above save that it will be credit payment. The use of CAPD will indicate the additional payment to be capital which may be incorrect should it actually be income.

DTCC and other participants currently announce a new event type (e.g. OTHR) to process the tax reclassification.

We need to document the process and provide examples in ISO 20022 and ISO 15022. DTCC to provide an example to follow the process end-to-end

**Action**:

1. Members to provide feedback for next call.
2. ISITC/DTCC to provide an example to follow the process end-to-end.

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

Input from ISITC:

*US Market Income Type Codes – Updated 2022*

*US Income Type Codes are used with the IRSX Data Source Scheme. Field 22a::ITYP is available in the MT564 and MT566 in both the Securities (E1/D1) and Cash (E2/D2) movement subsequences.*

*Since there are situations where both a US and foreign (non-US) Income Type code could be applied for the same movement, as from SR2022, new OTYP (Other Type of Income) qualifier was added in the MT564 and MT566 messages.  When multiple Income Type codes are applied for same event and same movement, the recommendation is to place the US IRSX code in 22a::ITYP.*

*As ITYP qualifier is not repeatable, the other non-US jurisdiction (such as CRAX Income Type codes in Canada) should be placed in field 22a::OTYP.  When multiple non-US Income Type codes are to be applied to same event and same movement, OTYP is repeatable and other Income Type codes may be used (such as HMRC for UK and Ireland).*

*For complete list of global Income Type or Exemption Type codes, please refer to SMPG document at:* [*https://smpg.info/fileadmin/documents/1\_Corporate%20Actions%20WG/A1\_CA\_Final\_Market\_Practices/6\_ETYP-ITYP\_Exemption\_IncomeTypeCodes\_v1\_1.pdf*](https://eur05.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.com%2Fv3%2F__https%3A%2Fsmpg.info%2Ffileadmin%2Fdocuments%2F1_Corporate*20Actions*20WG%2FA1_CA_Final_Market_Practices%2F6_ETYP-ITYP_Exemption_IncomeTypeCodes_v1_1.pdf__%3BJSU!!Jkho33Y!n7mAYuUq-ye3yZUa4_bBQnpJCWPXJMgsFZfPB3pDNnqhY7f81e2fmFkkiUHEhcgif_XR6CnQPgCb7A6EL8O_mtgnRQ%24&data=05%7C01%7Cjacques.littre%40swift.com%7Caff63a7e9e8d470d987e08dbc514596e%7C45b55e4435034284bbe10e6bf9fa1d0a%7C0%7C0%7C638320464292629985%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=BkAHsLWTQX9fkX9pmVNY9yEsRfUHgjUjoi3VU74AIqc%3D&reserved=0)

*\*Source:* [*IRS Form 1042-S – US Source Income Subject to Withholding*](https://eur05.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.irs.gov%2Fuac%2FAbout-Form-1042S&data=05%7C01%7Cjacques.littre%40swift.com%7Caff63a7e9e8d470d987e08dbc514596e%7C45b55e4435034284bbe10e6bf9fa1d0a%7C0%7C0%7C638320464292629985%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=%2BasiCoN61xYW312sxK04KCkfdufc2UBPK2lV1k1NVKI%3D&reserved=0)

The above ISITC MP has been drafted specifically for the US. It may need to be updated to make it more generic and applicable across various jurisdictions. It should also be further reviewed by the Tax subgroup.

**Action**: Christine Strandberg to amend the wording to make it more generic and have it reviewed by the Tax subgroup.

# CA569 - Add Tax Information to Securities Proceeds - MP Update on GMP1 Section 8.11 (CINL) and 8.32 (:92::TAXR & WITL) (Follow up of SR2023 CR 1846)

Input from Mari:



The change in GMP1 section 8.11 and the other MP document is approved as well by the Tax SG.

It should be published when also agreed by CA WG. Jacques to also add the ISO 20022 data elements in the EIG for the items in red color (mainly rates).

**Actions:**

1. CA WG to confirm approval of the MP at the next meeting in November in La Hulpe.
2. Jacques to also add the ISO 20022 data elements in the EIG for the items in red color (mainly rates).

# AOB

New point to discuss at the November physical meeting: should we continue adding tax MP changes to GMP1 or shall we create a separate Tax MP document.

**Next Conference Calls**

The next Tax SG call is scheduled on **December 5, 2023 at 5:00 PM CET.**

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