#### 9.29.3 Message rules for Tax on Non-Distributed Proceeds Flow

Key fields that have to be used for tax on non-distributed proceeds events are outlined in the respective country columns of the EIG+. Please refer to Part 2 of the SMPG CA Global Market Practice.

In addition, the following key fields should be used:

* + **Linkage to underlying event**

Linkage should be provided to the underlying Cash Dividend or applicable event with the official corporate action event identification **[MT564 - Seq. A1 - :20C::COAF <> seev.031 – A / OfficialCorporateActionEventIdentification]** provided, if any. For Germany, this is not applicable as there is no underlying event.

* + **Corporate Action Event Processing Indicator** **[MT564 – Seq. A - :22F::CAEP <> seev.031 – A / Event ProcessingType]**

The code value “Distribution” (DISN) should be used in the US and Australia meaning that the holder of the relevant security, will be subject to a payment without giving up the underlying security. This is optional in Germany.

* For the US, the **Tax on Non Distributed Proceeds Indicator** **[MT564 – Seq. D - :22F::TNDP <> seev.031 - D / TaxOnNonDistributedProceedsIndicator]** should be used (with the “SMPG” data source scheme Issuer value). It is used to identify if the event is subject to regulation 871m (use code value “US01”) or to regulation 305c (use code value “US02”) - as illustrated below for ISO 15022:

e.g. :*22F::TNDP/SMPG/US01* (for regulation 871m)

*:22F::TNDP/SMPG/US02* (for regulation 305c)

*:22F::TNDP/SMPG/US03 (for regulation Excess of Cumulative Net Income under section 1446(f).)*

*:22F::TNDP/SMPG/US04 (for regulation 1042-S Classifications. US source payments made to non-US persons that are reportable on US IRS Form 1042-S.)*

*:22F::TNDP/SMPG/US05 (for regulation 92-Day Exemption Qualified Notice*

Note: Since SR2022, the TNDP indicator may also be used to refer to one or even to multiple specific tax withholding or tax reporting regulations that are applicable to the event which is announced, the usage of the TNDP indicator is therefore no longer related exclusively to the TNDP event.

* + Similarly, the **Income Type** **[MT564 – Seq. E1 or E2 - :22F::ITYP <> seev.031 - E1 or E2 / IncomeType]** is used in the US market as follows with code value “IRSX” as Data Source Scheme Issuer value:
* For 871m events, use IRS Income type code “0040” (Other Dividend Equivalents).
* For 305c events, it can be either IRS Income Type code “0006” (Dividends Paid by US Corporations), “0008” (Dividends paid by Foreign Corporations) or “0037” (Return of Capital).
  + **Deemed Rate** **[MT564 – Seq. E2 - :92a::DEEM <> seev.031 - E2 / RateAndAmountDetails/DeemedRate]**

This is the rate applied for the calculation of deemed proceeds which are not paid to security holders but on which withholding tax is applicable.

* **Deemed Amount** **[MT564 – Seq. E2 - :19B::DEEM <> seev.031 - E2 / AmountDetails/DeemedAmount]**

Also known as “Gross Taxable Amount” is the amount of proceeds which is not actually paid to the security holder but on which withholding tax is applicable.

For the Australian market, additional types of amounts may be required with the Deemed Amount to describe the source of the deemed proceeds:

* + Deemed Interest Amount (:19B::DEIT)
  + Deemed Dividend Amount (:19B::DEDI)
  + Deemed Fund Amount (:19B::DEFP)
  + Deemed Royalties Amount (:19B::DERY)
* **Rate Type Code**

For the Australian market, a rate type code **[MT564 – Seq. E2 - :92a::DEEM// <> seev.031 – E2 / RateAndAmountDetails / DeemedRate / RateTypeAndRate / RateType]** is required with the Deemed Rate using one of the below rate type code to describe the source of the deemed proceeds:

* + DEIT: Deemed Interest Proceeds
  + DEDI: Deemed Dividend Proceeds
  + DEFP: Deemed Fund Proceeds
  + DERY: Deemed Royalties Proceeds
* **Tax Rate** **[MT564 – Seq. E2 - :92a::TAXR <> seev.031 - E2 / Rate AndAmountDetails/WithholdingTaxRate]**

The tax rate applicable to the security holders.

* **Cash Movement and Posting / Net Cash Amount [MT566 – Seq. D2 - :19B::PSTA or NETT<> seev.036 – D2 / AmountDetails / PostingAmount or NetCAshAmount]**

The cash movement should appear as a debit to signify the debit related to the tax withholding (based upon the deemed amount and withholding rate).

The posting amount and net cash amount are the amount of tax debit resulting from the tax on non-distributed proceeds and indicate the cash movements (debit) resulting from the tax on non-distributed proceeds.