

SMPG – Tax sub-group

Telephone Conference Minutes

9th September 2014

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**Attendees**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Country** |  | **First Name** | **Last Name** | **Institution** | **Participation** |
|  | BE | Ms. | Véronique | Peeters | BNY Mellon | Excused |
| Facilitator | N / A | Mr | Jacques | Littré | SWIFT |  |
|  | CH | Mr | Reto | Baumgartner | Credit Suisse | Excused |
|  | DE | Mr | Daniel | Schaefer | HSBC |  |
|  | DE | Mrs | Andreana | Pileri | Commerzbank | Excused |
|  | FR | Mrs | Kimchi | Phungtran | BNP Paribas | Excused |
| Co-chair | FR | Mr | Jean-Pierre | Klak | State Street |  |
|  | FR | Mrs | Pascaline | Letang | BP2S | Excused |
|  | FR | Mrs | Marzena | Lenczowska | BP2S |  |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU | Mr | Bernard | Lenelle | Clearstream |  |
|  | LU | Mr | Ludovic | Schwindt | Clearstream | Excused |
|  | LU | Mr | Charles | Boniver | RBC IS | Excused |
| Co-chair | SG | Mr | Jyi-Chen | Chueh | Standard Chartered |  |
|  | UK & IE | Mrs | Mariangela | Fumagalli | BNP Paribas |  |
|  | US | Mrs | Sonda | Pimental | BBH | Excused |
|  | XS | Mrs | Delphine | Haillez | Euroclear |  |
|  | XS | Mrs | Marina | Kotti | Euroclear |  |
|  | ZA | Mr | Sanjeev | Jayram | First National Bank |  |
|  | ZA | Mr | Dale | Van Rayne | First National Bank | Excused |
|  | ZA | Mr | Yusuf | Basha | First National Bank | Excused |

**Action**: NMPGs to eventually look for tax experts candidates in their local Markets.

# Approval / comments of June 26th call minutes

No comments.

The minutes are approved.

# Tax Table

No update received on the table.



# WITF/WITL/TAXR MP

Feedback from Jyi-Chen on the SR 2015 MWG session



Some guidelines and decisions taken by the MWG:

* Background : strong recommendation from SWIFT to implement Maintenances in 2016 except if the Change Request is related to regulatory concerns
* The Canadian Change Request to add ‘country of source’ needs to be taken into consideration (please see attached)

As a conclusion, the MWG asked to review the CR for the next SR 2016 including the Canadian need.  
the Canadian Market will participate to the next Tax sub-group meeting

The MWG is rather in favor of the option where TAXR and WITL are kept and not to create a new ‘complementary Tax’ code.   
The MWG fully agreed to delete WITF. Nevertheless, it appeared more consistent to implement this deletion only in 2016 when the all Change Request will also be implemented.

The scenario of the repetitive country code should be taken into consideration in particular due to the Canadian request.

**Action:**

* Discuss with the Canadian market how to adapt the Change Request initially proposed.
* Propose an updated Change Request for SR2016

# Tax processing flow / certification process

 

Confirmation that depending on the participants, we can have certification including

No certification process in ZA.

General question from the UK : Is there a way to ask for certification different from MT568? Do we have a common way, to request documentation, a common set of documents (eg COR) when opening an account or for a renewal?

**Action:**

Each NMPG to provide the list of documents required for their Market

# FATCA

No update

**Action:**

Sonda to provide any update when available in the US Market

# Tax Breakdown requirements

Information required on Tax breakdowns

See attached file



No update

**Action:**,

* NMPGs to review the table to identify if they have some exceptions / discrepancies.

# Other topics

a. Question from APAC WG on ‘FLFR’:

For subsequence E2 Cash Movement Field 92a: Rate, FLFR is defined twice:

* defined as a ‘Qualifier’ along with ‘GRSS’.
* Defined as a ‘rate type code’ in the qualifier GRSS



Some additional discussions took place with the Australian representative in the MWG but this person is not the person who participates to the SMPG.

AU rather uses as a Rate type code but to be confirmed that all AU Market participants uses it on the same way

Next steps: When the AU Market will agree on the same usage and confirm their local practice, a Change Request will be proposed in order to remove FLFR from the non-used part.

**Actions**:

* Jacques to follow up with the AU representative. This person will check with the AU community.

b. Question from South Africa on MT566s for multiple tax refunds for an omnibus account

Some clients (e.g. global custodians) normally operate omnibus accounts (multiple beneficiaries) and resultantly when a tax refund is claimed it is normally claimed for multiple beneficiaries. The South African market is viewed as a “quick refund” market as Dividend Withholding Tax (DWT) legislation has provided for Regulated Intermediaries who will collect, report and pay DWT to the South African Tax Authority. The South African Tax Authority requires each beneficiary to dividend (including refund claimants) to disclose certain “personal” information and resultantly these details are reported by the Regulated Intermediary to the Tax Authority. In order to claim any relief from DWT the beneficiary to the dividend is obliged to make a declaration as required by legislation. Thus without the required declaration no tax refund may be provided.

In those instances where a client operating an omnibus account claims DWT refunds on behalf of multiple beneficiaries should a consolidated MT566 messages be sent with an averaged tax rate and aggregate posting amount? The other option would be to send a MT566 for each beneficiary refund, i.e. multiple MT566 messages. A consolidated MT566 message could, inter alia, cause reconciliation challenges should it not be supported by a schedule payment of sorts. On the other hand sending an MT566 per beneficiary payment/refund could aid automation and reconciliation.

* Some feedbacks during the call:

FR : 1 posting = 1 MT566 based on the final beneficiary even if posted in an omnibus account

Euroclear : for refund : per beneficial owner. To check for the Reclaim : a bulk per Tax account?

DE : Could depend on the bank. Processes could be different. Rather bulk amounts

IE : Not sure that there is a common process between the different Custodians

Subject to link to the Certification process topic?

**Actions**:

* ZA to provide an example to illustrate the case
* The different NMPGs to investigate the usage of their local Market for further discussion.

# Next Conference Calls

Additional constraint : DE NMPG on 4th Dec.

The date of 2nd December has been cancelled after the conference call.

**Action:**.

* Next conf calls :
* Wednesday 15th October 3 pm CET
* Thursday 11th December 2 pm CET (agreed after the call)

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