

SMPG – Tax sub-group

Telephone Conference Minutes

28th January 2016

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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 |  |
|  | CA | Mr | Cairbre | Cowin | RBC IS | Excused |
|  | CH | Mr | Reto | Baumgartner | Credit Suisse | Excused |
|  | DE | Mr | Daniel | Schaefer | HSBC | Excused |
|  | DE | Mr | Thomas | Rockstroh | Clearstream | Excused |
| Co-chair | FR | Mr | Jean-Pierre | Klak | State Street |  |
|  | FR | Mr | Karim | Djenadi | BP2S | Excused |
|  | FR | Mrs | Celine | Bohm | BP2S | Excused |
|  | FR | Mrs | Alexandra | Sellam | BP2S | Excused |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU | Mr | Nicolas | Godfrey | Clearstream | Excused |
|  | LU | Mr | Bernard | Lenelle | 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 | Excused |
|  | US | Mrs | Sonda | Pimental | BBH | Excused |
|  | XS | Mrs | Delphine | Haillez | Euroclear | Excused |
|  | XS | Mrs | Marina | Kotti | Euroclear |  |
|  | ZA | Mr | Sanjeev | Jayram | First National Bank |  |
|  | ZA | Mr | Dale | Van Rayne | First National Bank |  |
|  | ZA | Mr | Yusuf | Basha | First National Bank |  |

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

# Approval / comments on October 29th minutes call

No comments. Previous minutes approved

# Tax Table



**Action:**

Jacques will provide updated statistics with 2014 figures

# TAXR/WITL - COIN Market Practice

# COIN

COIN Market Practice has been proposed within the CA Group by the GMP 1.   
please see below.

(8.34) Usage of Country of Income Source (COIN) Place Field

The Country of Income Source Place fields present in cash and securities movement sequences of the MT 564 and M T566 should not be used for Depositary Receipts (ADRs or GDRs) to specify the origin of the underlying instrument.

It should only be used in exceptional cases when the country of origin of different portions of an income (for one specific instrument) needs to be identified. It will usually happen when a different tax rate must eventually be applied to the different income portions.

This information should be filled in in messages when provided by the issuer or its agent only.

*The following example shows how this COIN qualifier should be used:*

*Brookfield Renewable is paying income to the securities holders from three different sources, from two different countries, The field :94C::COIN is used to identify the source country for each income portion in an MT566:*

MT 566

:16R:GENL

:20C::CORP//CASR2015CR

:20C::SEME//2015CRCANADA

:23G:NEWM

:22F::CAEV//DVOP

:16R:LINK

:13A::LINK//564

:20C::PREV//2014CRCANADA

:16S:LINK

:16S:GENL

:16R:USECU

:97A::SAFE//123456

:35B:ISIN BMG162581083

BROOKFIELD RENEWABLE LP

:93B::ELIG//UNIT/2000,

:93B::CONB//UNIT/2000,

:16S:USECU

:16R:CADETL

:98A::XDTE//20131227

:98A::RDTE//20131231

:16S:CADETL

:16R:CACONF

:13A::CAON//001

:22F::CAOP//CASH

:11A::OPTN//USD

:16R:CASHMOVE    [*Canadian sourced return of capital*]

:22H::CRDB//CRED

:22H::CONT//CONT

:**94C::COIN//CA**

:97A::CASH//1234567890

:19B::PSTA//USD159,8

:19B::GRSS//USD159,8

:19B::NETT//USD159,8

:98A::POST//20140224

:98A::VALU//20140224

:98A::PAYD//20140131

:92J::GRSS/CAPO/USD0,0799

:92A::TAXR//0,

:16S:CASHMOVE

:16R:CASHMOVE [*Canadian sourced Interest*]

:22H::CRDB//CRED

:22H::CONT//CONT

**:94C::COIN//CA**

:97A::CASH//1234567890

:19B::PSTA//USD95,22

:19B::TAXR//USD10,58

:19B::GRSS//USD105,8

:19B::NETT//USD95,22

:98A::POST//20140224

:98A::VALU//20140224

:98A::PAYD//20140131

:92J::GRSS/INTR/USD0,0529

:92A::TAXR//10,

:16S:CASHMOVE

:16R:CASHMOVE [*Bermudan sourced Income*]

:22H::CRDB//CRED

:22H::CONT//CONT

:97A::CASH//1234567890

**:94C::COIN//BM**

:19B::PSTA//USD459,4

:19B::GRSS//USD459,4

:19B::NETT//USD459,4

:98A::POST//20140224

:98A::VALU//20140224

:98A::PAYD//20140131

:92F::GRSS/INCO/USD0,2297

:92A::TAXR//0,

:16S:CASHMOVE

:16S:CACONF

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E1, E2 | 94C | COIN | October 2015 | Nov. 2016 |  | CA318 |

# TAXR / WITL

Table of current TAXR / WITF updated by South Africa with future usage of TAXR and WITL (please see attached)



Veronique raised an issue regarding a scenario in the Belgian Market.

For a Belgium underlying client having his account at a Belgium bank, this Belgian bank having Oando shares at a South-African sub-custodian.

The scenario may be illustrated as follows::

TAXR//10 (Nigerian tax rate)

WITL//5 (South African tax rate)

WITL//27 (Belgian tax rate)

Some comments during the call:  
- Volumes seem to be low for such cases in South Africa => ZA WITL is only applied when TAXR is lower than 15pct  
- Should we use ATAX for the Belgian Tax ? … but the definition of ATAX seem to be not exactly in line with the scenario  
- Should we use a repetitive WITL and the narrative field?  
- Should it be highlighted only in the narrative field?

**Action:**

Additional feedback from the group.

# Tax processing flow / certification process

  

Feedback received from several Markets. Please see attached.  
Some are still missing.

As per the current answers, the final proposal may result into a mix solution



**Action:**

Tax experts who didn’t answer yet are required to provide their feedback: BE – IT – UK&IE - US.

It is reminded that it is not necessarily an NMPG feedback that is required but a general point of view from Tax experts / Market representatives. Consequently, Tax sub-group participants are not obliged to get a feedback from ALL participants of their Market.

The final document will be the basis for further discussion within the group.

# FATCA

No update. Last presentation attached.

Topic closed within the Tax group.

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# Tax Breakdown requirements

Information required on Tax breakdowns

See attached file



XS based on Country requirements so impossible to provide its own requirements.

It is also highlighted during the call that in addition to country requirements, some data may be required at a Service provider level.

* No update

**Action:**,

No progress expected. Topic closed.

# Other topics

7d - Tax subjects related to the last Maintenance Working Group (MWG)

* TXAP:

Definitions (short and long) :

|  |  |
| --- | --- |
| Issuer/Offeror Taxability Indicator | Proceeds are taxable according to the information provided by the issuer/offeror. |

The qualifier TXAP is present in the Secmove sequence as follows:

In option H, if Qualifier is TXAP, Indicator must contain the following code:

|  |  |  |
| --- | --- | --- |
| TXBL | Taxable | The securities proceeds are taxable. |

The qualifier TXAP is present in the Cashmove sequence

In option H, if Qualifier is TXAP, Indicator must contain the following code:

|  |  |  |
| --- | --- | --- |
| TXBL | Taxable | The cash proceeds are taxable. |

USAGE RULES

The Issuer/Offeror Taxability Indicator (TXAP) may only be used when no tax rate is provided in the message. It must not be used in events such as dividend or interest.

As of today, in the GMP1, it is stated that:

**3.13 Tax Applicability Indicator Usage**

TXAP may only be used when no tax rate is provided in the message. The purpose is to inform of the taxability, at a later stage/event, of the securities credited in this stage/event.

:16R:GENL

:20C::CORP//

:20C::SEME//

:23G:REPE

:22F::CAEV//SOFF

:22F::CAMV//MAND

:25D::PROC//COMP

:16R:LINK

:13A::LINK//564

:20C::PREV//

:16S:LINK

:16S:GENL

:16R:USECU

:35B:ISIN XX0000001234

ABC SHARES

:16R:ACCTINFO

:97A::SAFE//12345

:93B::ELIG//UNIT/10000,

:16S:ACCTINFO

:16S:USECU

:16R:CADETL

:98A::ANOU//YYYYMMDD

:98A::XDTE//YYYYMMDD

:98A::MEET//YYYYMMDD

:98A::RDTE//YYYYMMDD

:16S:CADETL

:16R:CAOPTN

:13A::CAON//001

:22F::CAOP//SECU

:17B::DFLT//Y

:16R:SECMOVE

:22H::CRDB//CRED

:22H::TXAP//TXBL

:35B:ISIN XX0000012345

DEF SHARES

:36B::ENTL//UNIT/5000,

:92D::ADEX//1,/2,

:98A::PAYD//YYYYMMDD

:98A::AVAL//YYYYMMDD

:16S:SECMOVE

:16S:CAOPTN

ZA and DE confirm during the call that they don’t use it.

TXAP also discussed within the Corporate Actions SMPG. Applicable for ETYP and ITYP for US and UK&IE Market.

No other progress and / or discussion expected in the Tax Sub-group

**Action**:

Topic closed

# Next Conference Calls

10th March – 12th May – 23rd June.

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