

SMPG – Tax sub-group

Telephone Conference Minutes

3rd March 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 | Stéphanie | Clark-Fischer | BP2S | Excused |
|  | FR | Mr | Pierre-Antoine | Patinet | BP2S | Excused |
|  | IT | Mrs | Paola | Deantoni | Societe Generale | Excused |
|  | LU + DE | Mr | Alexander | Reis | Clearstream | Excused |
|  | LU + DE | Mr | Julian | Hechler | Clearstream | Excused |
| Co-chair | SG | Mr | Jyi-Chen | Chueh | Standard Chartered | Excused |
|  | 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 | Excused |
|  | US | Mr | Steven | Sloan | DTCC | Excused |
|  | US | Mr | Greggory | Lewis | GlobeTax | a |
|  | XS | MR | Jean-Paul | Lambotte | Euroclear | Excused |
|  | XS | Mr | Eric | Marega | Euroclear | a |
|  | ZA | Mr | Sanjeev | Jayram | Rand Merchant Bank | a |
|  | ZA | Mr | Dale | Van Rayne | Rand Merchant Bank | Excused |
|  | ZA | Mr | Riian | de Klerk | Rand Merchant Bank | Excused |

# Approval of January 2022 minutes call

January minutes are approved.  
JP will liaise with Alexander Reis regarding his pending feedback on November 2021 minutes

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

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**:

Mari and JP will work on this topic in order to present a document to the Tax sub-group during the next calls.

# CA 500 - CA Tax - Add new Event Type for Tax Classification (SR2022 CR 001796)

March 2022: topic under discussion within the US Market

January 2022:  
The SMPG CA WG (Tax Subgroup) to further investigate the US business case, the information sent in OTHR event today and look at what solutions exist in other countries that could be the object of a new change request to solve this case in 2023.



**Action**:

To be checked within the US Market first

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

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**:

Ad hoc group created in the US Market to work on the OTYP new code

# Same taxation applied twice on the same Income event

March 2022:

To continue the discussion and presentation of the scenario, Mari explained that there is a question related to the reporting of this double taxation and also how to manage the reversal of this taxation when it occurs?

The case seems to be only applicable to German securities held outside Germany with a German intermediary in between.  
Consequently, what is the volume of such cases. Is it a rare scenario?

Regarding multiple taxation, the group referred to some old discussions that took place in regards to the South African model and where TAXR is the taxation applied by the issuer / issuer agent and WITL is the additional local South African Tax.

Unfortunately, the German scenario appears different because it relates to the same taxation applied twice.

January 2022:

Mari shared with the group a specific scenario where the same Tax is applied twice on the same event.

For example, on German securities, a first taxation can be applied by an ICSD and then the same taxation will be applied by the German sub-custodian.

**Action:**

Mari will share an example with the Tax sub-group for further discussion

# Market updates

Attached the follow up file covering the different Market initiatives.



Below an extract of this file limited to open topics:



Eric raised the fact that bit by bit the Tax Authorities are moving to a certain digitalization of their processes. Several countries (e.g. Japan) accepts now electronic documents.  
Topic to follow and see, for example if – and in which countries – electronic CORs (Certificates Of Residency) would be acceptable.

# AOB

Gregg noticed that on the SMPG website, the contact names of people attending the Tax sub-group is not up to date.

JP and Jacques will review this list in order to update it accordingly.

# Next Conference Calls

Next calls scheduled for 2022: 5th May, 30th June

2pm Paris time

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