

Comments on technical studies

Centralised registry of certified financial intermediaries Common interface for reporting and refund request Digital Tax residence certificate

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The Nordic finance sector in Denmark, Finland and Sweden would like to thank you for the opportunity to comment on the three technical studies. We greatly appreciate the opportunity to influence the upcoming secondary legislation and believe it is very positive that the European Commission is considering the industry's views at this stage.

Technical study – Centralised registry of certified financial intermediaries

Registration as a portal user should be smooth. For example, currently, using the German tax authority's portal requires the tax handler's registration, the submission of a company register extract, a power of attorney, and a copy of the passport. Such a registration process complicates task management for the custodian and leads to personalization, which becomes problematic if the respective person changes roles. The IRS has a relatively functional registration arrangement, which could serve as a better model rather than, for instance, the German model.

In our view it is important that the certification solution enables CFI's to manage easily and user-friendly own user accesses for CFI's employee's after initial registration as CFI, and would be able to allocate update authority to more than one individual. We would recommend that the need for appropriate 4 eyes controls are carefully considered, in case of changes to CFI core data (for example changes to address or legal name). In addition, it is important that users should never be able to delegate authority to other users without the involvement of central administration at CFI level.

It should also be possible to utilize outsourced services for submission of claims based on appropriate controls and validations.

Technical study – Common interface for reporting and refund request

The FASTER Directive includes significant compliance burdens and liabilities placed on financial intermediaries. The amount of data reported and the frequency of the reporting by FASTER is truly enormous and will significantly increase the administrative burden of the financial intermediaries, especially with regards to the live reporting of data within two months of the payment date as opposed to annual reporting that is currently taken place in the Finnish TRACE-system as well as in the US QI-system.

Regarding the reporting itself, it is extremely important that it is fully harmonized within the EU and that no country-specific variations are allowed. Member states should not be allowed to deviate, for example, in terms of the content of the data.

We support the proposal from SMPG to establish common ISO20022 standardized message flow for reporting and refund request. SWIFT could be offered as a communication method along with direct or SIA interface.

The proposal to use ISO20022 could be justified to keep the standardization of reporting manageable. If the ISO standard is not adopted, it is crucial that the standardization of reports remains under control, any potential changes are published well in advance, the changes are justified, and CFIs have the opportunity to influence these changes. With ISO 20022 as format for FASTER it will also mean that the same terminology can be used already when the taxable income event is announced from the respective issuer, with decreased for misunderstandings for the tax handling as positive result.

It is important that the defined messages would include all reporting requirements and there would not be a need to establish supplementary reporting for some jurisdictions.

Should SWIFT communication be established, additional SWIFT related identifiers would be required for CFI.

There will need to be a possibility to support reclaim for the few jurisdictions that do not currently support TIN.

Technical study – Digital Tax residence certificate

We would appreciate a solution that supports PDF to be able to store copies in internal documentation systems and that is compliant with all FASTER requirements. The solution needs to be able to handle the scenario where a physical person is becoming deceased during the process.

Regarding the digital tax residence certificate (eTRC), it should be noted that the CFI should have the right (not the responsibility) to request certificates. In the document, the responsibility for providing the certificate was solely assigned to the investor.

At this stage, it is difficult to comment on the technical model of the certificate, although the XML format is good and can be widely used.

In addition, the system must allow CFIs to request e-TRC under POA in bulk for multiple registered owners in order to enable the system to work smoothly.

With more generic information about the status to the taxpayer, e.g. with information that it is recognized as UCIT or Pension Fund etc., included in the e-TRC it will not be necessary for tax agencies to issue specific e-TRC to such funds per country where such funds have investments referring to certain article in specific DTT.



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