

EU savings tax

Classification for structured products.

The classification of financial products and the assessment of whether interest payments to individuals are subject to EU savings tax or not in Switzerland depends on the domestic paying agent. However, the process of classification and assessment poses a particular challenge when it comes to structured/hybrid instruments. A new procedure creates transparency here.



The new solution

In June 2009, the Swiss Federal Tax Administration (SFTA) transferred the mandate for issuing EU savings tax classifications for structured products to SIX Financial Information, having concluded together with the Swiss Bankers Association (SBA) and representatives of the banks that a central classification of the instruments by a recognized data supplier would be an efficient and welcome solution. SIX Financial Information is the only financial information provider to assume the function of an official classification agency.

The decision in favor of SIX Financial Information was made due to the company's good track record in cooperating with the Swiss regulatory authorities, for example, in providing data for the Switzerland/Liechtenstein taxable securities. Another reason was that SIX Financial Information is already in possession of EU savings tax data.

Key Benefits:

- **Accuracy:** Correct and complete allocation of classification codes for paying agents, banks and fund managers.
- **Efficiency:** Reduced workload and optimized processing for all participants.
- **Transparency:** Official procedure recognized by the Swiss Federal Tax Administration.



Background infrastructure

With a view to this function, SIX Financial Information has a system of classification for structured instruments data. In addition to ensuring that the instruments in question are classified on a standardized basis for EU savings tax purposes, this procedure also guarantees high data quality and 100% coverage of all structured instruments. Every issuer of structured products uses specific codes for tax classification purposes. These classifications are relevant to the settlement processes of the paying agents and to banks and fund managers. In all, 19 different codes have been defined. SIX Financial Information's in-house tax specialists have also developed a set of regulations which can be used as a reliable basis for generating the classification codes.

With this service, SIX Financial Information guarantees paying agents, banks and fund managers the correct and complete allocation of the relevant classification codes. This complete set of data makes it possible to avoid misunderstandings and to introduce more efficient work processes. Due to the fact that this procedure used by SIX Financial Information is recognized by the Swiss Federal Tax Administration, all data recipients can operate on the basis of precise official data. The service is aimed primarily at paying agents, banks and fund managers in Switzerland. Countries with similar paying agent functionalities, such as Belgium, Luxembourg and Austria, could also benefit from this solution.

About the service

The classifications are supplied for the following SIX Financial Information products:

- Valordata Feed (VDF)
- Telekurs iD
- Valordata Browser (VDB)

For more information, please contact your local SIX Financial Information office and a representative will be happy to assist you.

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