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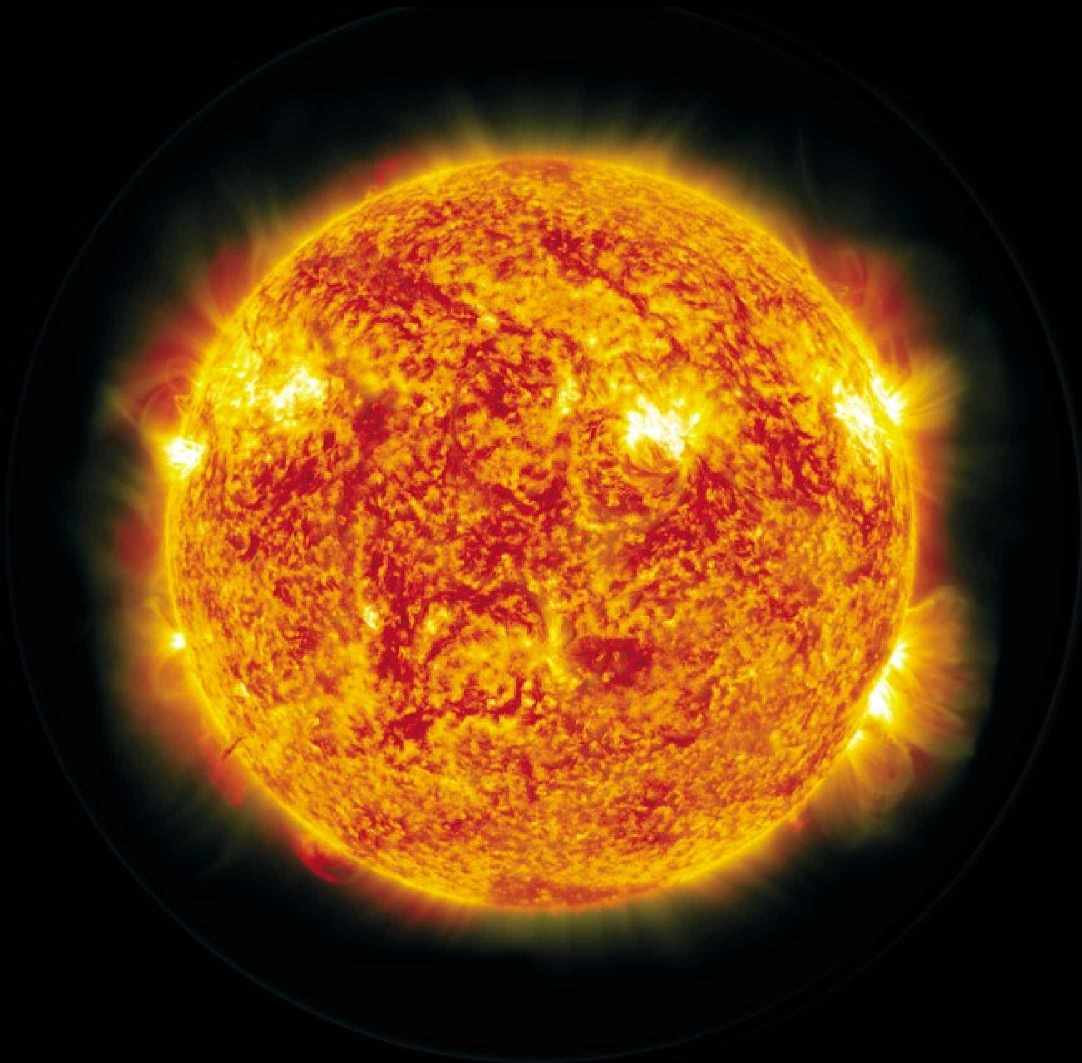


# iPACS Global Transfer Tax

## Analyse your global fund taxes and identify hidden cost-saving opportunities

MAKING AN IMPACT THAT MATTERS since 1845

# iPACS Global Transfer Tax

Addressing the increasing regulator and investor demands on fund tax reporting is high on C-Suite agendas across the financial investor, investment management and asset servicer sectors. The financial services industry needs to regularly digest and apply frequent changes to international tax regimes to remain compliant and reputable. Many teams are now facing reduced headcount which makes this situation even more challenging.

In the current heightened state of competitiveness, cost management on business activities is paramount. Transfer taxes such as UK stamp duty, and the French and Italian financial transaction taxes ("FTT") have historically been considered an unfortunate cost of business on in kind equity movements. However, with a little governance it is possible to realise tax cost savings with a number of exemptions, reliefs and ruling opportunities.

iPACS Global Transfer Tax provides pre advisory global transfer tax information and real-time in kind transition tax illustrations-based on your raw custodian data. This allows you to benefit from increased cost transparency, an improved approach to compliance and increased efficiencies on in kind transactions.

iPACS Global Transfer Tax covers global fund platforms, across a range of fund vehicles, regulatory wrappers, for all investor types.

Deloitte's iPACS Global Transfer Tax technology solution, one of a suite of iPACS tools, can help improve tax risk governance when used alongside existing controls whilst supporting business growth by reducing tax costs.


**Julia Cloud**

Global Investment Management Leader

jucloud@deloitte.com

**Gavin Bullock**

Global Fund Tax Reporting Leader

gbullock@deloitte.co.uk

**Robert Guarnieri**

Global Technology and Transformation Leader

rguarnieri@deloitte.com

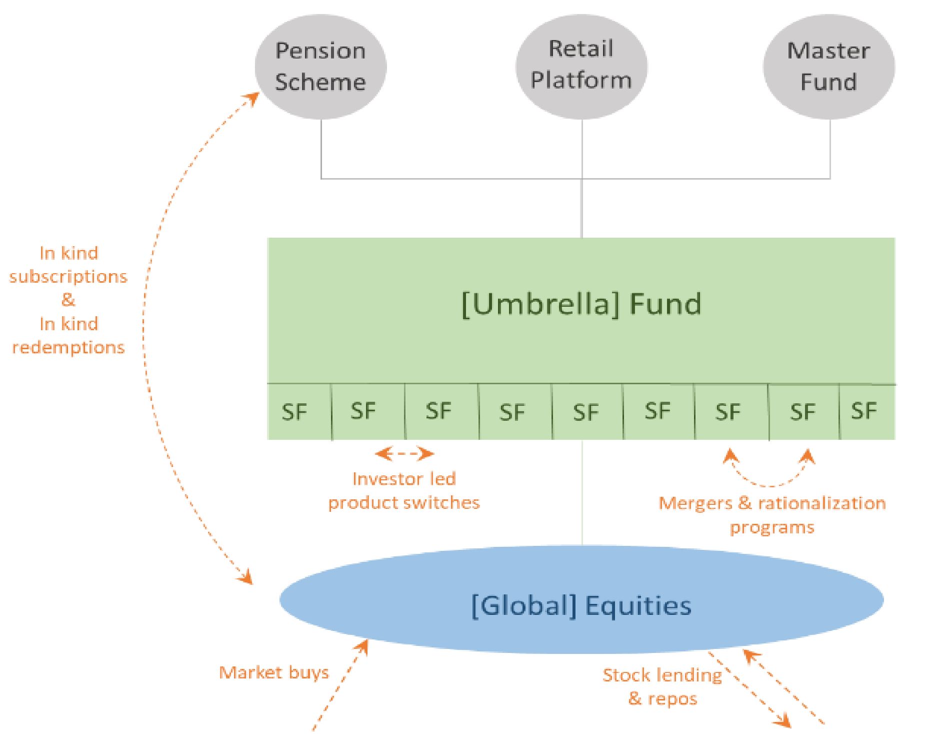
# Transfer Taxes

Transfer taxes are imposed by governments on the transfer of equities issued in their jurisdiction. Stamp duties, FTTs, and securities transaction taxes are all examples of transfer taxes. These taxes arise whether transfers take place on, or off exchange and in some cases apply to privately held companies. They apply regardless of investor or vendor location and are considered extra territorial costs.

Fund managers and other institutional investors trade listed equities on exchange on a daily basis with buys and sells of portfolio assets. The same investors also undertake off exchange trades of listed shares e.g. an exchange traded fund (“ETF”) receiving equities from an authorised participant during the creation of an ETF unit. Fund mergers and product rationalisations also create a number of transfer tax implications as institutional scale size of assets under management are realigned from a discontinuing fund to a remaining target fund.

With the increased focus on cost and tax risk transparency by governments and regulators for robust governance requirements, along with the need to maximise margin retention, transfer tax awareness is becoming more important than historically required.

The most common in kind transactions experienced by the asset management industry are shown in the diagram below. Fund managers and asset servicers are obliged to monitor and report any transfer tax that arises on these transitions to the relevant tax authorities and investors.




Failure to monitor and ensure adequate transfer tax controls leads to fines and penalties. Failure to manage and govern these taxes leads to a poor reputation and ultimately investor outflows. The ability to monitor and put in place adequate controls should improve client retention and identification of cost saving opportunities through exemptions and rulings i.e. **business growth**.

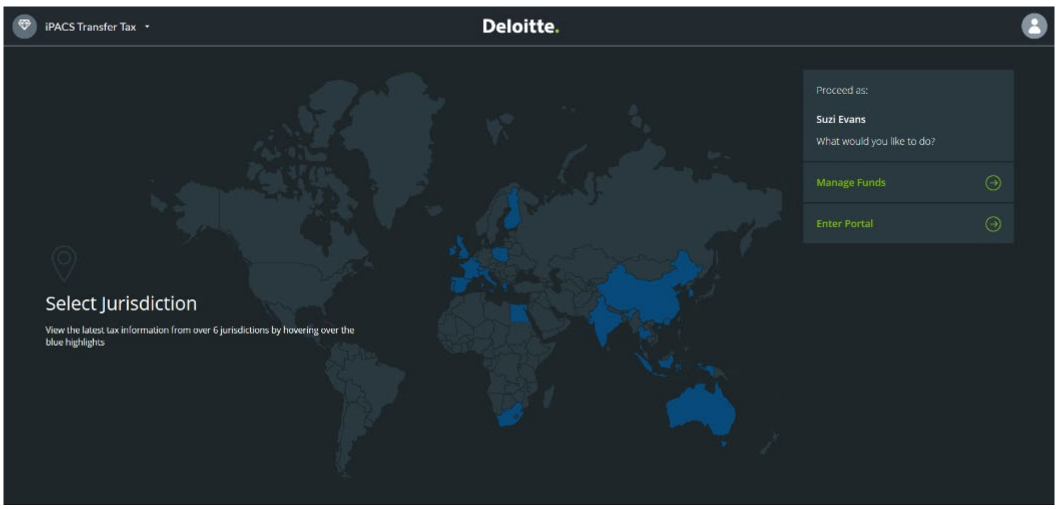
UK, Irish, and Hong Kong stamp duties are well established and the asset management industry has absorbed these costs in their business activities for a number of years. Alternatively, these costs of investing are passed onto the ultimate investor diminishing returns for, say pension schemes and retail investors.

Having realised the revenue generation of longstanding transfer taxes such as UK, Irish and Hong Kong stamp duties, increasing numbers of governments are turning their attention to implementing their own transfer tax regime. France and Italy are the originators of the more recent FTT with Spain introducing a Spanish FTT as of 16 January 2021. Germany, Portugal and the US are all in discussion to introduce new transfer tax regimes at the same time the UK is in consultation with the industry to overhaul the existing regimes to create their own FTT on securities.

Reduced headcount, increasing taxes, differing rules, changes to existing rules, sporadic and out of date information, differing exemptions and reporting requirements makes manual management of these tax risks hard.

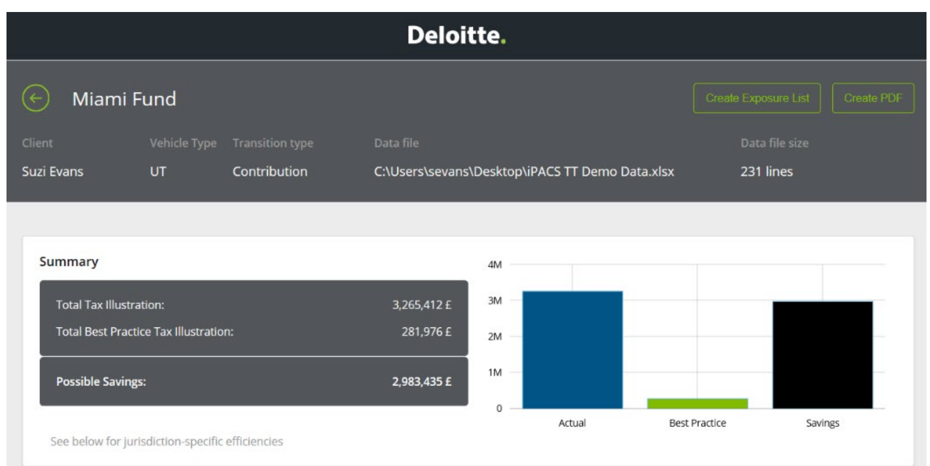
Which is why we have created iPACS Global Transfer Tax.

## iPACS Global Transfer Tax Technology




Live transfer tax rates and rules updated real time on your bespoke platform homepage gives the user an single source point of information on any given transfer tax regime including rates, liable party, exemption possibilities, collection mechanism, reporting and payment dates.

Raw custodian data is uploaded by the user in a pre-supplied template without the need for data enhancement or transformation exercises. Instant pre advisory illustrations on the potential transfer tax risks are presented based on criteria entered by the user. Intelligence within the solution notifies of best practice tax efficiencies enabling the user to seek tax advice and realize cost savings on any given transition.



*iPACS Global Transfer Tax has been designed to empower the industry from within. Our aim is to help ensure that in house tax teams and outsource providers to be in a better position to form a pre-advisory view on investment management fund transitions.*


Supported by our global tax specialists, iPACS Global Transfer Tax is updated in real-time with any new regimes or changes to existing transfer tax rules. This allows in-house tax teams to focus on higher value activities.

Identification of opportunities to drive transfer tax efficiencies enables investment managers and financial investors to preserve investment value. This can be seen instantly through graphical transfer tax illustrations.

With iPACS Global Transfer Tax you can fulfil your primary fiduciary duties by providing investors with full cost disclosures, whilst evidencing due care and attention to reduce unnecessary tax costs.

An active rather than passive approach to transfer tax risk management immediately strengthens in-house tax governance for stakeholder reporting.

Users are notified of regime changes on each log in. This allows you to stay ahead of any changes that will impact your business so that relevant teams can adjust business and operating models ahead of legislation implementation.

Rather than relying on static tax matrices which are rarely updated when transfer tax regimes are changed, you can be confident that the rates and rules displayed in iPACS Global Transfer Tax are accurate and up to date.

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