

Herausforderungen bei der Steuerwertberechnung von Schweizer Fonds und Fund Reporting Cloud[®]

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Agenda

PwC's Fund Reporting Cloud[®]

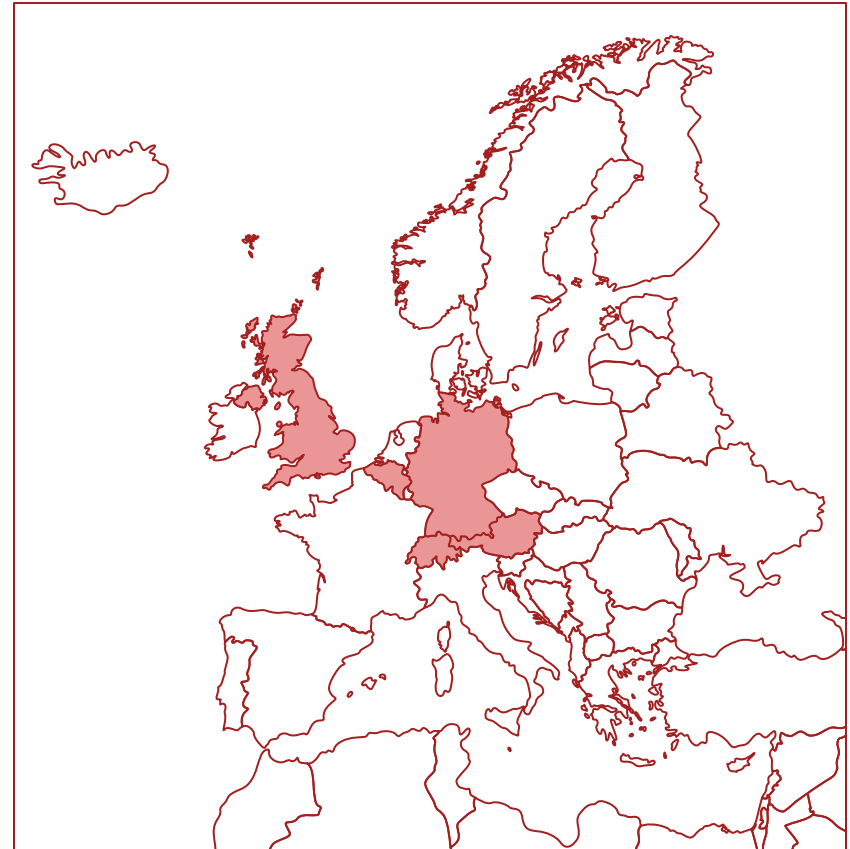
Challenges for Swiss fund of funds

- Capital Gain orientation of target funds
- Swap rates as calculation substitute for target funds

PwC's Fund Reporting Cloud®

Status quo

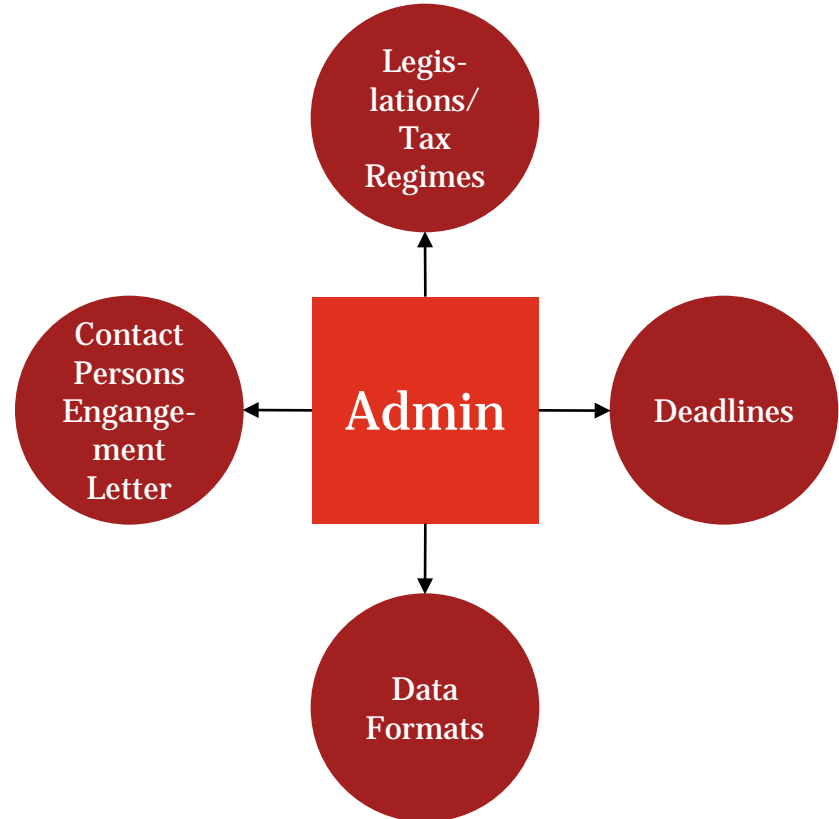
- fund tax reporting in Europe is a very demanding and constantly evolving area
- Multiple jurisdictions (Austria, Switzerland, Belgium, Germany and UK) have introduced very different tax reporting regimes for investment funds
- permanently changes and new developments in the tax reporting for investment funds in European jurisdictions
- harmonization of tax reporting for investment funds not in sight
- cross-border distribution of investment funds in Europe is still highly increasing
 ○ UCITs IV



Status quo

The administrator as well as the fund manager is confronted with five different ...

- contact persons
- data formats
- deadlines
- frequencies of tax reporting
- tax regimes
- legal requirements
- ...



Status quo

In an ideal world, administrators and funds would benefit from ...

- Only **one** engagement letter for five countries
- Only **one** data format to be provided for five countries
- Quick and direct access to the tax experts in the local markets
- Option to have one central contact or a direct contact to the local experts
- automated deadline controls

PwC's Fund Reporting Cloud®

Streamlining the process and enhancing efficiency

IT-backbone for PwC's "one-stop-shop" approach to global tax reporting for investment funds

Web-based platform for a secure and efficient data exchange between the fund, the administrator and PwC teams across the globe

- Requires no additional software but only an internet browser
- Ensures the secure provision, joint editing and exchange of data and documents
- Monitors all deadlines customized to the specific needs of administrators, funds and PwC offices

Simultaneous,
structured data
exchange between
PwC, fund and fund
administrator

efficient data
transmission by
preventing an “email
flood” (plus: no size
restrictions)

Restricted
web access

Restricted
web access

Fund

Administrator

Processed data
Final tax reports
Engagement information
Tax news

Fund Reporting Cloud

Raw data
Fund Information

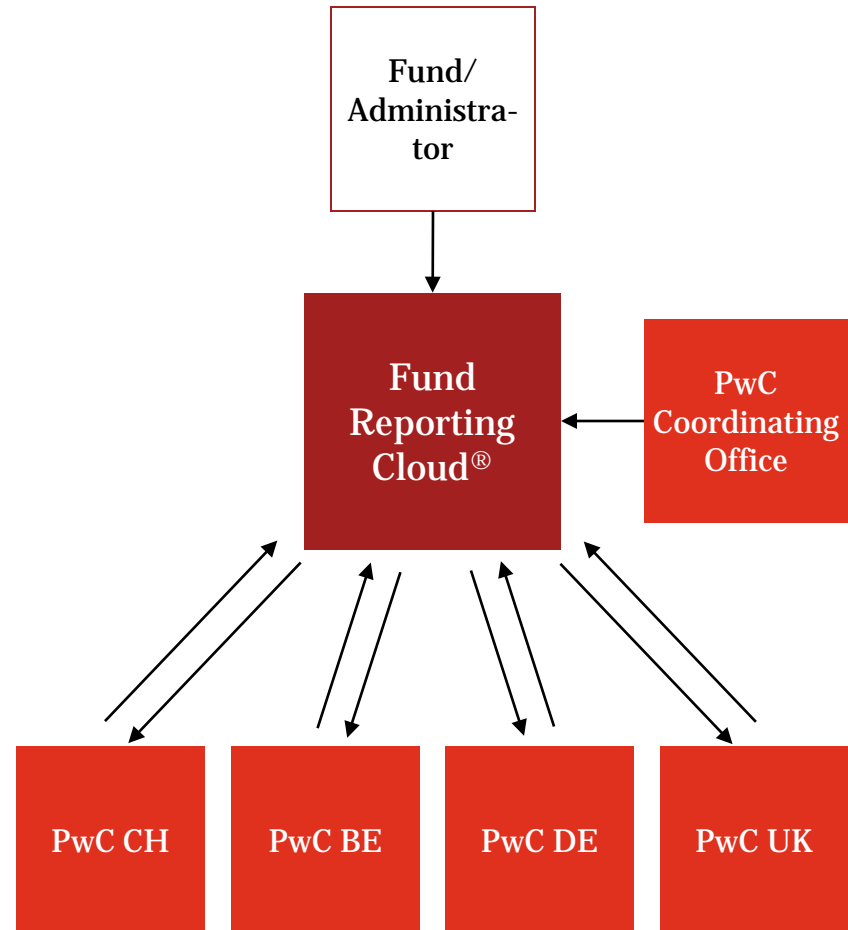
Pwc Austria
Pwc Belgium
Pwc Germany
Pwc Switzerland
Pwc UK
...
Other countries

secure data exchange
through different access
roles for the fund and
the administrator

PwC's Fund Reporting Cloud®

Analysis of fund accounting system ...

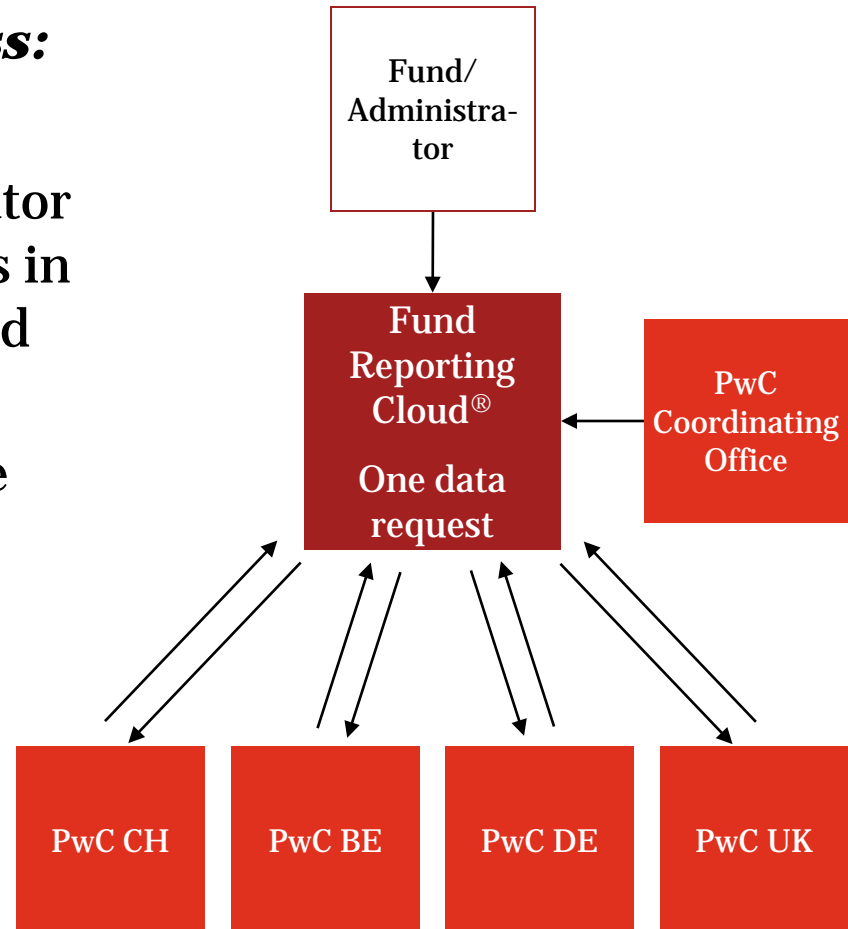
- one dedicated team is analysing the current model and
- preparing a document which outlines a recommendation on the ideal reporting process



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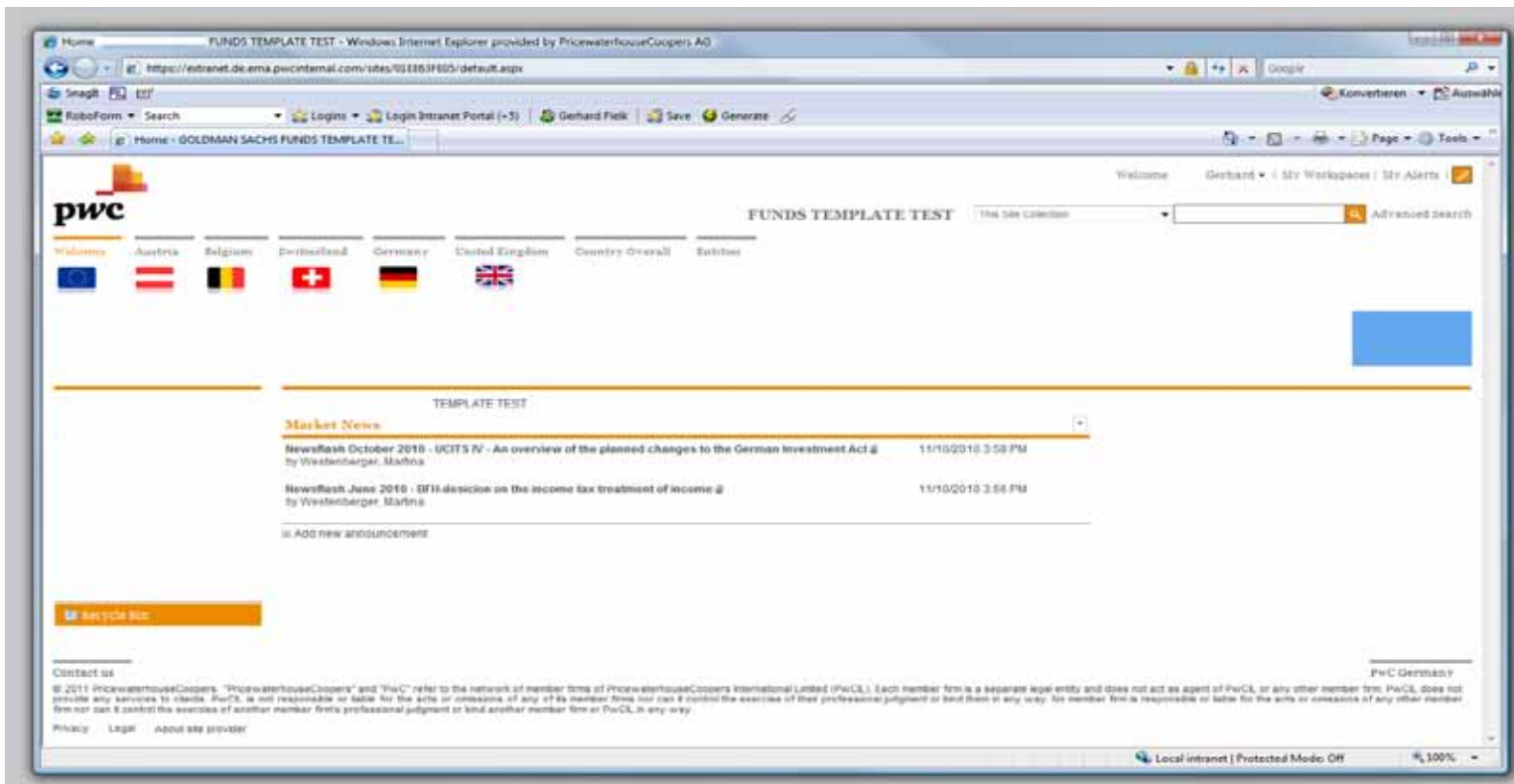
... in the fund reporting process:

- streamlined processes
- the fund as well as the administrator can monitor the reporting process in the different jurisdictions via Fund Reporting Cloud®
- required data for reporting can be provided securely, fast and well-arranged



PwC's Fund Reporting Cloud®

You provide your data just once, you have full control of the process, and you get your results in one package



Challenges for Swiss fund of funds

Capital Gain orientation of target funds

- Target funds of Swiss fund of funds may qualify as capital gain oriented (CG)
- Income resulting from CG target funds may be booked as capital gain at fund of fund level

 **Privileged treatment of Swiss fund of funds!**

Capital Gain orientation of target funds

Conditions for qualification of target fund as capital gain oriented

- **Ruling with Swiss Federal Tax Administration**
 - valid for five years
 - Swiss fund of funds
 - Target fund only aims at producing capital gains
 - Net income of target fund does not exceed 2% of NAV
 - Aggregated compilation prepared annually by fund of funds

or

- **Based on annual income tax value calculation**
 - Net income of target fund does not exceed 2% of NAV
 - Target fund is not capital income oriented (e.g. bond fund)

Swap Rates as calculation substitute for target funds

Fund of Funds tax reporting rely on the availability of financial information of target funds. Quite often, no or no up-to-date information is available.

- 5 year swap rate of target fund currency
- May only be used as 'last resort'
- Only applied for accumulating target funds?
- Treatment of newly launched funds/sub funds?
- Treatment of newly launched share classes?
- Treatment of newly launched series?
- Funds in liquidation?