

A few words on DAC6

The EU Council Directive 2018/822 (DAC6) regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. DAC6 aims at transparency and fairness in taxation by imposing mandatory disclosure requirements for certain arrangements with an EU cross-border element where the arrangements fall within certain "hallmarks" mentioned in the Directive and in certain instances where the main or expected benefit of the arrangement is a tax advantage.

Where the first step in a reportable cross-border arrangement is implemented between 25 June 2018 and 30 June 2020, the arrangement should be reported by 31 August 2020. As the DAC6 implementation deadline approaches, several Member States have issued draft DAC6 legislation while some others have already passed their DAC6 laws. Therefore, it is already necessary to monitor the developments on national DAC6 implementation. For this purpose, we have prepared this digital newsletter to keep you updated on DAC6 developments in Europe.




Implementation tracker (status as at 31 October 2019)

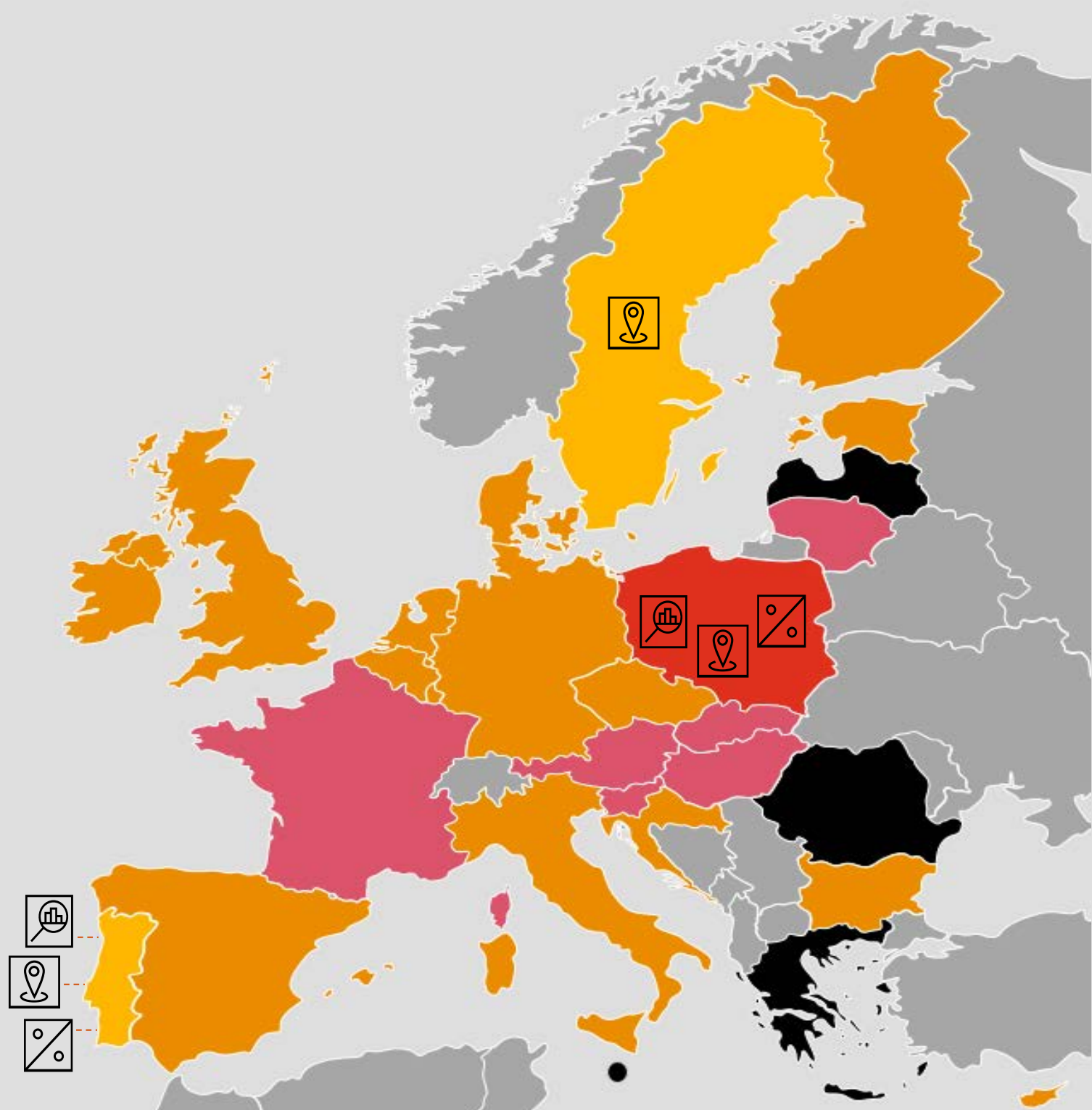
Map Key

Implementation status:

- Implemented (DAC6-conform)
- Implemented (broader scope)
- Draft (DAC6-conform)
- Draft (broader scope)
- No draft legislation yet
- Non-EU countries

Derogations applied:

-  Additional hallmarks included
-  Domestic transactions covered
-  Other taxes (e.g. VAT) covered



- **Austria, France, Slovakia:** Final law published.
- **Belgium:** Draft bill approved by the Government.
- **Bulgaria:** Draft bill published for public consultation until 3 November 2019.
- **Croatia:** Draft bill published for public consultation, however not including any reference to hallmarks.
- **Cyprus:** Draft bill published for public consultation until 12 November 2019.
- **Ireland:** Draft bill published.
- **UK:** Public consultation ended on 31 October 2019.

- **Bulgaria, Luxembourg, UK:** Taxpayers need to make reference to any reportable arrangements in their income tax returns.
- **Poland:** Mandatory Disclosure Regime is already in force as from 1 January 2019.
- **Ireland, UK:** Legislation for domestic arrangements is already in place for a number of years.
- **Ireland, Netherlands, Poland, Spain, UK:** Guidance on application of the Main Benefit Test is provided by the tax authorities.

Special story: Maximum penalties

According to the Directive, each Member State shall lay down the rules on penalties applicable to infringements of national provisions adopted. The penalties provided for shall be effective, proportionate and dissuasive. Maximum penalties vary significantly between Member States (amounts in €):

Less than 30,000		More than 100,000	
Croatia	≈ 26,600	Portugal	80,000
Germany	25,000	Czech Rep.	≈ 58,300
Italy (<i>see note 2</i>)	21,000	Denmark	54,000
Cyprus	20,000	Austria	50,000
Hungary	≈ 15,200	Sweden	≈ 47,000
Finland	15,000	Slovakia	30,000
Lithuania	6,000	Poland	≈ 5,000,000
Bulgaria	5,100	U.K. (<i>see note 3</i>)	≈ 1,100,000
Estonia	≈ 3,300	Netherlands	830,000
		Luxembourg	250,000
		Slovenia	150,000
		Belgium	100,000
		France	100,000
		Ireland	<i>See note 4</i>
		Spain	<i>See note 5</i>

1. No data provided for Greece, Latvia, Malta and Romania, since no draft legislation has been published until 31 October 2019.
2. Italy's draft bill includes a reference to an increasing factor to be defined.
3. In the UK, penalties are ≈ €600 per day without limit. In addition, in egregious cases, the Tax Court can increase any penalty up to ≈ €1,100,000.
4. Ireland's draft bill provides for penalties of up to €500 per day, required to be determined by the courts having regard to, in the case of an intermediary, their fee or likely fee in connection with the arrangement and, in all other cases, the amount of any tax advantage gained or sought from the arrangement.
5. Spain's draft bill provides that the maximum penalty would be equivalent to the fees and, if there are no fees, equivalent to the market value of the benefit.

Useful links

[DAC6: The EU Directive on cross-border tax arrangements](#)

[DAC6 in 90 seconds](#)

[If I comply with BEPS, am I prepared for DAC6 too?](#)

[What do I need to do? Here's how you should be preparing for DAC6](#)

[Are non-EU companies affected?](#)

How can PwC help you

Our team combines experts in tax, people, processes, data and technology. By bringing these different skill sets together, we can help you and your organization understand DAC6, and the broader tax policy context, and implement effective controls and processes to ensure all reportable cross-border arrangements are proactively identified and managed.

Furthermore, we have developed a **DAC6 Smart Reporting tool** that makes use of technology to ensure DAC6 compliance, while keeping costs under control. Find out more [here](#).

Stay tuned for our next issue featuring E3 as the “Hallmark of the month”!



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