



DAC6 compliance and why it's important



What is DAC6?

DAC6 (Directive 2018/822) is a new EU mandatory disclosure regime that imposes mandatory reporting of cross-border arrangements. It affects at least one EU Member State that falls within one of several categories or "hallmarks".



Who should care about DAC6?

DAC6 impacts Multinational Enterprises (MNEs) operating in one of more of the 28 countries (EU27+UK).



When do you need to start the compliance process?

- **July 30, 2020** – First reports due from taxpayers or intermediaries
- **August 31, 2020** – Retroactive report of RCBA and transactions back to June 25, 2018 due from Taxpayers.
- **Dec 31, 2020** – First annual reports of transactions associated with arrangements due from taxpayers



Is non-compliance an option?

There are significant penalties for non-compliance, so it pays to be prepared. For example, Poland imposes a fine of EUR 5M for non-compliance.



Can compliance be completely outsourced?

DAC6 requires continuous company-specific data gathering and reporting, and requires the active participation of multiple company personnel, not just the tax department.

If any of these tasks are to be outsourced it will have to be limited to deciding whether you have a reportable arrangement and completing and filing the form (tasks that can be just as easily automated by a well-designed software solution) but the continuous data gathering is something that cannot be outsourced to any firm.



Can you use Microsoft® Office tools to comply?

Some may try to use Excel to comply, but DAC6 compliance is complicated:

- Complexity of the reporting process – need to report arrangements within 30 days and resulting transactions annually
- Extensive country coverage
- Frequency of reporting
- Needing to create new tax department workflows
- Reports must be submitted to tax authorities in electronic format, following very specific schemas, and must pass validation rules

What should a good solution look like?

Well-defined workflow to take you from data collection to filing with automation built into every step



Database of country tax rules which are automatically applied to arrangement facts to identify Reportable Cross-Border Arrangement (RCBA)



Analytics to quickly identify status of RCBA including ability to filter by due dates and filings by reporting country



Comparison table showing variation from EU directive



Automated logic to identify which entities and which countries in an MNEs' footprint can trigger DAC6 hallmarks



Are you ready for **DAC6 compliance**?

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