

Participating in cross-border arrangements

what does it mean for you?

Reporting on aggressive tax planning arrangements

The Luxembourg law of 25 March 2020 implementing Council Directive 2018/822/EU of 25 May 2018 (the DAC 6 Law), which entered into force on 1 July 2020, requires intermediaries and, in some cases, taxpayers to disclose to the tax authorities information on certain cross-border arrangements that might be viewed as aggressive tax planning schemes.

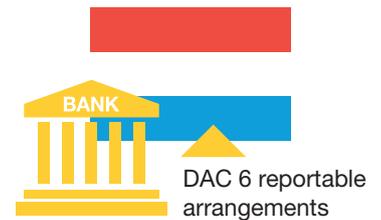
An arrangement is reportable if:

- ✓ it qualifies as a cross-border arrangement, and
- ✓ there are indications of a potential risk of tax avoidance, known as “hallmarks”. Some hallmarks will only trigger a reporting obligation if the arrangement also meets the so-called “main benefit test”.

The reporting obligation will start as from 1 January 2021, and needs to be met within set deadlines. After reports have been filed, an automatic exchange of information will take place between the tax authorities of all EU Member States.



Indirect reporting via Local Tax Authorities



Who is concerned?

You, too, should be thinking about DAC 6. The definition of an intermediary is broad: it encompasses lawyers and tax advisers, and is expected to apply to investment fund managers, family offices, banks, insurance companies, accountants, domiciliation agents and other service providers. Intermediaries subject to legal professional privilege (lawyers, chartered accountants and auditors) are not obliged to report, but are obliged to notify other intermediaries not subject to legal

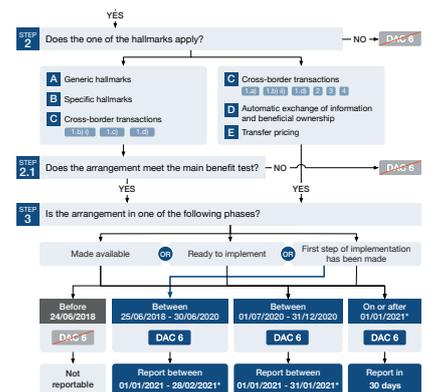
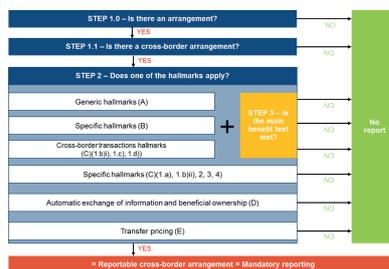
professional privilege, or the relevant taxpayer(s), of their own reporting obligations.

The relevant taxpayer(s) will be obliged to report where no EU intermediaries were involved in the arrangement, or if the only intermediaries involved are subject to legal professional privilege.

In short, there’s almost no getting around it.

Is your transaction reportable?

Our decision trees will help you find out



'A la carte' services



✓ Awareness:

- Multi-client courses
- Ad hoc client training

✓ Impact assessment performed in close collaboration with our tax lawyer colleagues at Arendt:

- Legal analysis of DAC 6 concepts and rules
- Identification of potentially reportable transactions and structures, review of the associated reporting duties

✓ DAC 6 implementation support

- Establishment of implementation methods, provision of an assessment grid, organisation of maintenance measures
- Design and drafting of a DAC 6 policy
- Support in performing DAC 6 analyses of arrangements and defining reporting obligations

✓ DAC 6 reporting

- Support to the definition of your reporting model for DAC 6
- Preparation, production and filing of your DAC 6 reports
- Ad hoc advice, hotline service



If you want to:

- Know to what extent DAC 6 concerns your company
- Clearly understand your DAC 6 obligations
- Be advised on how to efficiently implement DAC 6 compliance, and how DAC 6 governance and maintenance should be organised
- Be ready to file your DAC 6 reports on time



Then
request
our DAC 6
services!

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