

COVID-19: DAC 6 Reporting Delayed

Tax Talks Blog on **May 14, 2020**

In light of COVID-19, and in response to requests from European trade associations, the European Commission has published its proposal to amend Directive 2011/16/EU which deals with various strands of administrative co-operation in the field of taxation. Significantly, the proposal includes an extension to the time limit for reporting information under the new rules on cross-border tax arrangements known as DAC 6 (implemented by Council Directive 2018/822/EU).

Many member states have already implemented DAC 6 in domestic legislation. However, a lack of detailed guidance, the potential for differences in interpretation of key terms in DAC 6 between member states and the first reporting deadline looming at the end of August were causing considerable concern, exacerbated by the current COVID-19 crisis. Accordingly, the European Commission has published its proposal to defer certain reporting deadlines. In doing so it acknowledges that the COVID-19 disruption will hamper compliance with reporting obligations and the ability of tax authorities to collect such data. However, the Commission also cautions that the deferral is of limited duration and is proportionate to the practical difficulties of the temporary lockdown.

The Commission's proposal covers three elements of reporting under DAC 6. It changes:

- the date for reporting 'historical' cross-border arrangements (these are, broadly, arrangements that were implemented or made available for implementation between 25 June 2018 and 30 June 2020) to local tax authorities from 31 August 2020 to 30 November 2020;
- the start of the 30-day period for cross-border arrangements which become reportable after 30 June 2020 from 1 July 2020 to 1 October 2020; and
- the date for the first mandatory exchange of information about reportable cross-border arrangements between member states from 31 October 2020 to 31 January 2021.

Member states must approve the above changes and update their domestic filing deadlines accordingly. The amendments will enter into force on the day after their publication in the Official Journal of the European Union.

The Commission has not ruled out a further extension. However, the deferral of reporting does not change the fundamental requirement for organisations to comply with DAC 6. Therefore financial institutions and organisations subject to DAC 6 should continue to introduce and implement procedures and systems to ensure compliance with the new deadlines.

The UK's tax authority (HMRC) has stated that it will consider its response to the proposal once it is adopted.

[View Original](#)