



## The tax transparency agenda

Transparency is high on the global agenda for governments looking to counter tax avoidance.

The adoption of the Common Reporting Standard (CRS) introduced the automatic exchange of tax and financial information on a global level. It was a game-changer, allowing for the exchange of account holder information and introducing a new level of transparency.

Now, responding to Action 12 of the OECD's BEPS project, the transparency agenda is looking at cross-border arrangements and the disclosure of actual transactions undertaken. This concerns not just transactions that are tax-motivated but also ordinary transactions that may have a "potential tax effect" but are not driven by tax planning motives.

The proposals for the amendment of Council Directive 2011/16/EU on administrative cooperation in the field of taxation (commonly referred to as DAC 6) originally announced by the European Commission in June 2017, are now in force.

Although not yet implemented at national level, the disclosure obligations need to be treated as "live" as they provide for implementation with retrospective effect from June 25, 2018.

This means that the first notifications will be due in August 2020 but the Directive provides that notifications should be made in respect of arrangements dating back to June 25, 2018.

DAC 6 imposes mandatory reporting of cross-border arrangements affecting at least one EU Member State that fall within one of a number of "hallmarks": broad categories setting out particular characteristics identified as potentially indicative of aggressive tax planning. The reporting obligations fall on "intermediaries" or, in some circumstances, the taxpayer itself.

The information reported will be contributed to a central directory accessible by the competent authorities of the Member States.

The Directive also applies to standard transactions with no particular tax motive. This means that ordinary transactions such as cross-border leasing, securitisation structures, certain types of reinsurance and many standard group corporate funding structures may be reportable.

If you need assistance, please contact us!

**PLEASE FEEL FREE TO CONTACT US WITH ANY QUESTIONS OR QUERIES.**

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