



DAC 6 – support services

EU Mandatory Disclosure Rules - helping firms comply with the regulations

KPMG's DAC6 E-learning modules and managed service reporting solution provides assistance with internal training, assessing, tracking and reporting cross border arrangements under EU-Directive 2018/822/EU (DAC 6)

For certain arrangements entered into since **25 June 2018** firms operating in multiple jurisdictions could have mandatory reporting obligations under the EU Mandatory Disclosure Regime (EU MDR or DAC6). This reporting is required when certain cross border transactions take place and meet one or more specific hallmarks. Although the aim is to counter tax planning, DAC6 captures a wide range of arrangements because some hallmarks do not require a tax benefit to be present. Multi-national organisations are expected to have a significant burden which will require these firms to demonstrate compliance even where significant volumes of reporting may not be required.

There is already divergence across EU Member States in the way they have implemented the rules. Compliance with local implementation and associated interpretation of the hallmarks will therefore be challenging and documentation of approach and decisions taken will be important. It is possible that tax authorities will not only audit the arrangements which have been reported to them but also challenge the rationale for not reporting others. As DAC6 applies retrospectively with effect from 25 June 2018, the **disclosure obligations need to be documented and tracked now.**

Once fully implemented, the deadline for reporting will be 30 days from when an arrangement is made available and driven by each arrangement, resulting in a rolling reporting cycle throughout the year, rather than one annual deadline. These **tight deadlines as well as penalties** for non-compliance mean that a robust governance and reporting framework to comply with this new regime will be required.

Firms will need to address three critical challenges:

01

How do you identify potential reporting obligations arising from cross border arrangements in a timely manner?

02

How do you assess those arrangements and ensure compliance with DAC 6, taking into account differences in jurisdictional interpretation?

03

How do you ensure your reports are submitted in time, or where submitted by an external party, that all relevant information has been included in the disclosure made.

A successful and efficient DAC 6 compliance program should raise awareness throughout the business, build off existing business capabilities, minimise reputational risks and avoid non-compliance penalties.

KPMG can offer a suite of DAC6 focussed solutions to support clients with addressing these challenges. Our E-learning and reporting managed service are both described below

E-learning: training for the business, tax teams and support areas

The breadth of the EU Directive and the potential divergence across jurisdictions, mean that awareness is required throughout an organisation from the board to the front office and operational teams to ensure the tight timescales for reporting can be met.

Our modular approach allows awareness to be raised throughout the business or targeted to a business area where the training need is identified from an impact assessment as well as providing more detailed training to the tax department or heavily impacted business areas.

Incorporating our deep technical expertise and practical knowledge of best practice to implementation, easily provided to 1-1000 users, KPMG E-learning is cost-effective and quick to deploy consistently throughout a business in comparison to traditional training methods, whilst completion can be evidenced to demonstrate a robust compliance regime.

Managed Services Reporting Solution

KPMG's DAC6 Managed Service reporting solution is designed to assist businesses with their reporting obligations. This is a tailored approach ranging from assisting business with reviewing potentially disclosable transactions to submitting disclosures on behalf of businesses using KPMG's proprietary DAC6 reporting technology.

E-learning solution

Backed by KPMG DAC6 experts, our modular approach to E-learning:

- Provides flexibility to target specific modules to different areas of your business, from a high level overview of the rules through to a detailed dive into the technical aspects. It can even incorporate links to your own internal policies or documentation.
- Can be quickly and consistently deployed to any number of users in very short time. Our detailed analytics platform can provide regular status summaries of completion rates. This will be helpful to evidence accreditation of all relevant team members.

The modules available include:

- A general introduction to the regime; suitable for all.
- An illustrated dive into the hallmarks; to give flavour to the subject and allows for tailoring by the organisation for what to do if a hallmark is or could be triggered.
- Focus on responsibilities – intermediary vs tax payer obligations.
- A series of worked examples, targeted by sector – i.e. those working in financial services can select different examples to those working in a non-financial services company.
- Outline of requirements for reporting and arrangement tracking.

How can KPMG help



Our DAC 6 specialists can assist in all aspects of your DAC 6 project including but not limited to:

1. Helping to assess risk areas through impact assessment analysis workshops
2. Design of framework and processes for ongoing identification and assessment of arrangements
3. Design of policy/protocol for intermediaries to ensure consistency
4. Questionnaires for assessment of potentially reportable arrangements
5. DAC6 Processor tool (reporting and arrangement tracking solution)
6. Review of processes and transactions disclosed.

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Managed Service Reporting Solution

There are three levels of service involved in the assessment and reporting solution:



Level 1

KPMG will submit disclosures on behalf of Intermediaries or relevant taxpayers, where a reporting obligation has been identified.



Level 2

KPMG will review arrangements that Intermediaries or relevant taxpayers have identified as potentially reportable under DAC6, and will analyse and provide recommendations on whether arrangements are reportable and in which jurisdiction this should take place. KPMG will then submit the disclosures or provide back to the client for submission in the appropriate file format.



Level 3

This is a bespoke service tailored to the specific requirements of the businesses, especially for arrangements with the greatest complexity.

Our managed service offering will be delivered by our EU-wide network of DAC6 specialists using our KPMG DAC6 proprietary reporting software. We cover all EU jurisdictions and can submit where the rules allow third party submission.

For further information speak to your usual KPMG contact or the DAC 6 team



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