



DAC 6 – Managed services

EU Mandatory Disclosure Rules – Helping firms comply with the regulations

January 2021

KPMG's DAC 6 managed service reporting solution provides assistance with assessing, tracking and reporting cross border arrangements under EU-Directive 2018/822/EU (EU MDR or DAC 6)

For certain arrangements entered into since 25 June 2018 companies operating in multiple jurisdictions could have mandatory reporting obligations under DAC 6. 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, DAC 6 captures a wide range of arrangements because some hallmarks do not require a tax benefit to be present.

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.

There is already divergence across EU Member States in the way they have implemented the rules and reporting deadlines and compliance with local implementation is proving challenging. As DAC 6 applies retrospectively with effect from 25 June 2018, the disclosure obligations need to be documented and tracked now.

Some countries have already introduced 30 day reporting and others are due to follow shortly.

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.

What are the key challenges and how can we help?

There are a number of key steps that organizations should consider when focusing on DAC 6 including:

01

IDENTIFICATION: How do you identify potentially reportable cross border arrangements in a timely manner?

KPMG can help you to design a **framework for identification** of risk areas and potentially reportable transactions, using our:

- Risk assessment matrix; and
- Reporting questionnaires

We can also help design a Governance framework using our process design workshop approach and process flowcharts and RACI matrix.

02

ASSESSMENT: How do you assess arrangements to determine if they are reportable and consider differences in jurisdictional interpretation?

KPMG can help you to review and assess arrangements in the following ways:

- As part of a Managed Services (see over page for details) or
- KPMG's assessment questionnaires or
- KPMG's DAC6 Processor technology solution.

03

SUBMISSION: How do you ensure arrangements are submitted in time, and where submitted by an external party, that all relevant information has been included in the disclosure made?

KPMG can submit your arrangements as part of a **Managed Services** (see over page for details) or

KPMG's DAC6 Processor technology tool (reporting and arrangement tracking solution) can support with submissions.



What is Managed Services and how will it work?

- At an onboarding meeting, we will walk you through our approach including roles, responsibilities and timings to enable DAC 6 reports to be collated and submitted within filing deadlines.
- We will discuss the typical types of cross-border arrangements you have identified in your business. We can help you put in place the systems and processes to identify these if they are not already in place.
- As arrangements arise and are identified, we will work with you to review the arrangements and submit disclosures where appropriate. We will agree a timeline with you once an arrangement has been identified to ensure all submissions are made in a timely manner.
- Where disclosures are made, we will supply you with documentary evidence and can provide periodic reviews of arrangements that have been both disclosed and not disclosed
- You will have access to a dashboard to enable you to review the progress of our work and statistics about disclosures made to date (e.g. frequency of disclosure, territories in which disclosures have been made and so on).
- Our managed service offering will be led by your host KPMG country office, through your usual contacts and supported by our EU-wide network of DAC 6 specialists using our KPMG DAC 6 proprietary reporting software.
- We cover all EU jurisdictions and can submit where the rules allow third party submission. There are a small number of countries where the tax payer is required to submit and in these countries we will prepare the required file format and provide you with detailed instructions on how to file. Our specialist team will provide hands-on support to help you make and manage your filings.

Managed Services – a three level solution

There are three levels of service available in our assessment and reporting solution:



Level 1

KPMG will submit disclosures or provide the relevant file format for submission where a reporting obligation has been identified by an intermediary or relevant tax payer, using reportable data provided by the taxpayer.



Level 2

KPMG will review arrangements that intermediaries or relevant taxpayers have identified as potentially reportable under DAC 6, 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 the relevant file format to the client for submission.



Level 3

This is a bespoke service tailored to the specific requirements of a businesses. For example, it can involve assistance with all or part of setting up the end to end processes required to identify potentially reportable arrangements, assessment and submission where appropriate.

Contacts



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