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Mandatory disclosure requirements on reportable cross-border tax arrangements

Dear Mr Quest,

Following the spread of COVID-19 across the globe, businesses are facing several challenges from a compliance perspective. In times of acute crisis management, we call upon the European Commission to postpone any additional increase of compliance requirements in the area of taxation.

This applies especially to the new provisions on reporting obligations according to **Council Directive (EU) 2018/822 (DAC 6)** which entered into force in the EU on 25 June 2018 and stipulate the mandatory disclosure of information on reportable cross-border tax arrangements as per 1 July 2020 with retroactive effect to 25 June 2018.

As the outbreak of COVID-19 is affecting all industries, many businesses are already facing or will face enormous pressures to adapt quickly to this unprecedented situation which is limiting businesses' capacity to comply with these new regulations for cross-border tax arrangements. The identification of transactions potentially affected by DAC 6 is an essential precondition in order to facilitate their subsequent reporting and to comply with the new obligations. At present, however, businesses do not have the capacity to set up processes in order to identify transactions falling within the scope of these reporting obligations. The establishment of new compliance processes within firms to take the new regulations into account and especially the retroactive cover of cross-border arrangements where the first implementation step occurred between 25 June 2018 and 1 July 2020 pose an additional administrative burden on businesses in a time of limited resources. At the same time, it was not possible to fulfil the reporting obligations before the outbreak of the Corona crisis. Until today the legal provisions are not sufficiently specified for reporting because the decree supplementing the law and clarifying its application is not published.

Therefore, we call on the European Commission to postpone the new reporting obligations according to Council Directive (EU) 2018/822 (DAC 6). To have an immediate and equal effect, the implementation should be **postponed EU-wide by one year to 1 July 2021**. This would be an important measure to ensure that as many businesses as possible survive the present difficulties and can help drive the economic recovery when restrictions related to the outbreak of COVID-19 are lifted. For tax authorities, this does not result in any information being lost, as only the reporting date will be postponed.

As Member States were required to adopt the laws by 31 December 2019 at the latest in order to comply with the Directive, the European Commission should, in addition, refrain from opening infringement procedures against Member States.

In conclusion, we ask you to consider our arguments most carefully and remain at your disposition for any questions you may have.

Yours sincerely,

**ASSOCIATION OF GERMAN CHAMBERS
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