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European Parliament gives green light to deferral of DAC6 deadlines and new permanent tax committee

European Union – European Parliament – ECON – Directive on Administrative Cooperation – Mandatory Disclosure Requirements – Implementation – Reporting deadlines – Permanent Tax Committee

During the June 2020 Plenary session (June 17-19), the European Parliament voted in favor of the proposal for an optional six-month deferral of reporting deadlines under the EU Mandatory Disclosure Rules (MDR) and agreed on setting up a special permanent subcommittee on tax matters.

Deferral of DAC6 reporting

Background

As reported in Euro Tax Flash [issue 430](#), in a Coreper meeting on June 3, 2020, EU Member States reached a compromise on an optional maximum six-month deferral of reporting deadlines for the purposes of the mandatory disclosure requirements for intermediaries and relevant taxpayers under the Directive on Administrative Cooperation (DAC6).

In order for the deferral to become applicable, formal unanimous agreement in the Council of the European Union is required, subsequent to the European Parliament expressing an opinion on the proposal. An [ECOFIN report](#) to the European Council issued on June 5, 2020 noted that the amendment will be adopted before July 1, 2020, under the written procedure, whereby Member States express their vote in writing, within a set deadline.

European Parliament's opinion

On June 19, 2020 the European Parliament voted in favor of the proposed deferral. The Procedure file for the amendment of DAC6 available on the European Parliament's website refers to the initial proposal from the European Commission (i.e. a three-month deferral). However, we understand that the Parliament voted on the amendment as agreed upon in Coreper, i.e. an option six-month deferral.

The amended Directive will enter into force once the legislative procedure is finalized in Council and the text is published in the Official Journal of the EU. It is up to each Member State to opt for and communicate the deferral.

Member States' reactions

Belgium and Luxembourg were the first Member States to announce their intention to opt for the six-month deferral (see Euro Tax Flash [issue 430](#) for details of these announcements).

On June 18, 2020, the Finnish Ministry of Finance [announced](#) that Finland will not opt for a deferral of the DAC6 reporting deadlines.

The previous day (June 17), the Irish Revenue had published [a statement](#) on their website confirming a deferral of DAC6 reporting, without specifying the intended timeframe.

European Parliament permanent tax committee

On June 18, 2020, the European Parliament (EP) [voted](#) in favor of setting up permanent committee on tax matters, as a subcommittee to the EP's Committee on Economic and Monetary Affairs (ECON). The new subcommittee will be responsible for tax-related matters, with a focus on the fight against tax fraud, tax evasion and tax avoidance, as well as financial transparency for taxation purposes and will have 30 members.

EU Tax Centre comment

Although most EU Member States have not formally announced their intentions with regard to the deferral of the DAC reporting deadlines, we understand that a number of jurisdictions that have not yet completed DAC6 transposition into domestic law or that have not yet put in place the appropriate reporting process and interface, will opt for the full six-month deferral.

As regards the new permanent subcommittee on tax matters, the precise composition, as well as the chair have not yet been formally announced. On June 11, 2020, the Greens in the European Parliament published a statement announcing that they will have three seats on the new committee. The announcement is available here: <https://sven-giegold.de/subcommittee-on-taxation/>

Please refer to the [KPMG Summary and Observations memorandum](#) for further details and to the KPMG's [MDR Updates page](#) for previous updates on the implementation of DAC6 into domestic legislation.

For further information on KPMG services and technology designed to assist you in meeting the demands of the new EU MDR regime, please refer to [KPMG's EU Mandatory Disclosure Rules page](#).

Should you have any queries, please do not hesitate to contact [KPMG's EU Tax Centre](#), or, as appropriate, your local KPMG tax advisor.



Raluca Enache
Director, KPMG's EU Tax Centre

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KPMG's EU Tax Centre, Laan van Langerhuize 9, 1186 DS Amstelveen, Netherlands

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