

# WHITEPAPER

## DAC6pro UPDATE MAY 2020

### QUESTIONS & ANSWERS

Reading time: 6 minutes | May 2020 | by TaxModel, Hank Moonen

#### **Which countries have you currently deemed to be deviating too far from the EU Directive and, as such, are not supported by the tool? Is it just Poland? How are other customers dealing with these carved out territories?**

Today only Poland is known to deviate from the Directive. Please note that Poland has been challenged by the EU Commission that it has incorrectly implemented the Directive in its legislation. So, Poland will come with an amendment shortly, which brings them more in line with other (note: On 5 February 2020, a bill to amend the Polish MDR regime was published and presented to the Polish Parliament).

Please note that DAC6pro users will still be able to use the tool for Poland as a repository and audit trail. It will only not support the current Polish XML scheme. How do other customers deal with it? This can only be manual. If any existing tools support current Polish XML schemes, the service providers face a serious update. The new report will need to be filed in accordance with a new MDR reporting schema, which is expected to be published by the Polish tax authorities in the coming weeks. This amendment would, therefore, mean that all cross-border arrangements that have already been reported (or would have been reported up to 30 June 2020) will need to be reported again. The bill is expected to enter into force on 1 July 2020, with all reference numbers assigned to cross-border arrangements issued until that day declared void.

#### **If we need to file in countries other than NL, is it straightforward within the tool to generate the appropriate XML file?**

This will be automatically recognized in the tool based on the conclusion "Disclosing Country."

#### **Until countries' implementation manuals have been released, is there any support within the tool for those countries? (Given the 30-day deadline for reporting, concerns arise if there is no support whatsoever until three months after the release of the manuals).**

EU members states imposing deadlines if they are not ready themselves and not allow you to report would be the world upside down ... In any event, if required, we have a cooperation with Grant Thornton as a user of our tool and preferred supplier/fallback for these cases. Please note that we can still facilitate up to and including an XML conversion (based on the standard template), so you will always have proof that your admin is in order.

**How is the guidance within the tool updated? Presumably, you have a dedicated team reviewing any updates and determining whether the software needs to be updated accordingly?**

[DAC6pro](#) is connected to TaxModel's knowledge base tool, where we have uploaded the Directive text and are inserting and updating all definitions and interpretations for each EU Member State. We will have these reviewed on a regular basis by one of our preferred partners, Grant Thornton.

**Will there be comment boxes available throughout the arrangement creation process as well as in the Hallmark decision pathway, in order to add thoughts/explanations for the purposes of an audit trail and manager review process?**

*For example, in the "Implementation date" section of the arrangement creation screen, will it be possible to add a comment indicating which of the implementation date options has been used?*

*Another example would be the ability to add a comment explaining any decision involving the identification of countries that are of "material relevance" to an arrangement.*

A comment box with full audit trail is present at all levels.



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**Have there been any discussions with Tax Authorities other than in the Netherlands regarding the potential for automated uploading of reports to their portals?**

No, outside the Netherlands, no EU Member State is ready.

**How country-specific will the guidance/questions within the tool be?**

*For example: Hallmark E3 – a cross-border transfer of functions/risks/assets resulting in a 50% EBIT shift of the transferor*

*If the transferor is identified as UK-based, would the guidance in the tool specify that this 50% EBIT shift should be considered at the entity level, whereas in other countries where taxation is on a Group basis, the EBIT shift is considered at Group level?*

DAC6pro manages the exceptions in our knowledge base and present these automatically based on countries affected. So as a User you will see the exception for the UK presented but you will have to decide: "APPLICABLE" "NOT APPLICABLE". If you don't know yet, you have the option to select "NOT DETERMINED."

*Another example: Hallmark C4 – transfers of assets where there is a material difference in consideration in jurisdictions involved. Would the tool mention country-specific policy objectives, which exempt arrangements from being reported if Hallmarks are triggered in line with the intention of these objectives? E.g., in the UK, the “Substantial Shareholding Exemption” which would result in material differences in consideration for shares transferred from the UK to overseas?*

See the previous answer. Decisive is whether the exemptions are published. So as a User, you will see the exception for the UK presented, but you will have to decide: "APPLICABLE" "NOT APPLICABLE."

### **More information**

Visit [www.tax-model.com/dac6pro](http://www.tax-model.com/dac6pro) for more information about the MDR/DAC6 regulation and DAC6pro. Ask your questions through our live chat or via [dac6pro@tax-model.com](mailto:dac6pro@tax-model.com).