

IMPORTANT REMINDER

New tax disclosure rules are effective in Luxembourg

Since 1st of July 2020, the new law as of 25th of March 2020 on disclosure of reportable cross-border arrangements (the DAC 6 Law) has become effective in Luxembourg. The DAC 6 Law implies additional requirements for tax transparency that have retrospective effect starting from 25th June 2018.

Key information about the new regulation

Purpose of regulation	The stated purpose of the DAC 6 Law is to enhance tax transparency and dissuade intermediaries from designing, marketing and implementing harmful tax practices.
Subject to disclosure	Reportable cross-border arrangements are subjects to disclosure. Reportable cross-border arrangement is an arrangement (including but not limited to ownership structures, transactions, agreements) that has cross-border character, concerns at least one EU member state and meets at least one hallmark listed in the DAC 6 Law.
Hallmarks	The DAC 6 law contains to 5 groups of hallmarks such as generic and specific hallmarks linked to main benefit test, hallmarks on cross-border transactions, on CRS/UBO ¹ and on transfer pricing.
Reporting period	All reportable cross-border arrangements where the first step occurred starting from 25 th of June 2018 are to be disclosed.
Reporting deadline	Intermediaries start reporting to tax authorities since 1 st January 2021. Reporting will be done on case-by-case basis. However, arrangements related to period from 25 th June 2018 to 30 th June 2020 are reportable by 28 th February 2021, and arrangements related to period from 1 st July 2020 to 31 st December 2020 are reportable by 30 th January 2021.
Reportable information	<ul style="list-style-type: none"> ➤ Identification of intermediaries and relevant taxpayers; ➤ Details of the hallmarks that make the cross-border arrangement reportable; ➤ Summary of the arrangement; ➤ Date of the first step of the reportable cross-border arrangement; ➤ Details of the national provisions of the concerned states forming the basis of the arrangement; ➤ Value of the reportable cross-border arrangement; ➤ Identification of the EU member state concerned; ➤ Identification of any other person likely to be affected by the arrangement.

¹CRS – Common Reporting Standard; UBO – Ultimate Beneficial Owner.

Type of tax exchange	The Luxembourg tax authorities will automatically exchange collected information with the tax authorities of the other EU member states through a common centralized database.
Luxembourg law source	The full text of the DAC 6 Law can be found here . The law amending reporting deadlines due to COVID-19 crisis is located here .
EU Directive source	The DAC 6 Law is based on the EU Directive 2018/822 of 25th of May 2018 amending Directive 2011/16/EU that was recently amended by EU Directive 2020/876 as of 24th of June 2020 in respect of reporting deadlines postponement due to COVID-19 crisis.

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