

What is DAC6?

DAC6 is the fifth amendment to the European Union Directive 2011/16/EU on Administrative Cooperation in the field of taxation (Directive 2018/822/EU). It was transposed into Luxembourg law on 25 March 2020. This directive entered into force on 25 June 2018 and requires the disclosure from EU intermediaries of reportable cross-border arrangements that meet certain criteria (so-called hallmarks) that are seen to present a potential risk of tax avoidance.

The information disclosed is then automatically exchanged between EU Member States.

What arrangements are reportable?

Are reportable any cross-border arrangement that fulfills at least one of the criteria (so-called “hallmark”) as defined under the legislation.

A cross-border arrangement is an arrangement that concerns either more than one EU Member State or an EU Member State and a third country.

How does it impact EFG Bank (Luxembourg) SA?

If the Bank falls into the definition of intermediary as defined under the legislation, either as promotor or service provider, it will have the obligation to disclose to the Luxembourg tax authorities a description of the reportable cross-border arrangements as well as information relating to your identity.

The Luxembourg tax authorities will automatically exchange collected information with the tax authorities of all the other EU Member States through a common centralized database.

Who has the obligation to report?

The EU intermediary involved in the arrangement has the primary reporting obligation.

If the intermediary is bounded by the legal professional privilege (professional and confidentiality secrecy), then the disclosure obligation must be held by another EU intermediary (if any).

If no other intermediary is involved in the implementation of the arrangement, then the taxpayer has the disclosure obligation.

How does it impact you?

Depending on your own tax legislation, “relevant taxpayers” (you) of a reportable cross-border arrangement which were reported by the Bank, may be required to indicate in their own tax returns the reference number(s) allocated by the Luxembourg tax authorities to the Bank.