

DAC 6: Mandatory disclosure requirements of Reportable Cross Border Arrangements

Dear Customer,

The Cyprus Development Bank Public Company Ltd (“the Bank”) would like to inform its customers that on 25th June 2018, EU Council Directive 2018/822 (referred to as “DAC6”) was published in the Official Journal of the European Union.

DAC6 amends EU Council Directive 2011/16/EU on administrative cooperation in the field of taxation as regards mandatory exchange of information in relation to reportable cross-border arrangements.

DAC6 guidance requires EU-based intermediaries (including the Bank) and/or taxpayers to disclose certain cross-border arrangements (where implementation starts on or after 25 June 2018) to their domestic tax authority, who must then share the information with the tax authorities of all other EU member states.

Considering that most of the potentially aggressive tax-planning arrangements extend across more than one jurisdiction, the disclosure of information about those arrangements is important where that information was also exchanged amongst Member States. In particular, the automatic exchange of information between tax authorities is crucial in order to provide those authorities with the necessary information to enable them to take action where they observe aggressive tax practices.

The Cyprus Tax Authority has announced its intention to adopt the guidance as following:

- reportable arrangements where implementation starts between 25 June 2018 and 30 June 2020,
- reportable arrangements where the Bank provided aid, assistance of advice between 1 July 2020 and 31 December 2020
- From 1 January 2021, reportable transactions must be disclosed within 30 days from the date of implementation of the arrangement.

The Bank is obliged to apply the guidance and disclose reportable cross-border arrangements.

The Bank does not provide tax advice and nothing in this newsletter should be construed as such. For professional legal or tax advice specific to your own situation please contact your professional advisers.

For any further clarifications and/or information, you may contact us at any point of time.

Thank you for cooperating with us.