

Mr. Gerassimos Thomas
Director-General for Taxation
and Customs Union
European Commission
DG TAXUD
B-1049 Brussels
Belgium

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Brussels, 22 October 2026

Subject: DAC Recast Proposal

Dear Mr Thomas,

As strong supporters of the work of the European Commission in seeking to simplify and streamline the European direct tax legislation, we commend the Commission on the proposals contained in the [proposed recast of the Directive for Administrative Cooperation in the Field of Taxation](#).

Some key issues that we highlighted in [our response to the public consultation](#), which built on our paper [The Accountancy profession's recommendations to streamline the EU tax system](#), have been addressed. We are pleased that the recast deals with the major overlapping and contradictory requirements faced by businesses and their advisors that have arisen during the long development of the current DAC.

We believe that the DAC Recast is a significant proposal to reduce some of the unnecessary and duplicative information that businesses and their advisers currently are required to report. We call upon the Member States to agree the proposals without dilution of their aims as soon as possible.

IMPORTANT SIMPLIFICATIONS

We consider that the DAC recast proposals contain some important simplification measures offering a considerable reduction in burdens and costs for cross border businesses and their advisors, in particular we strongly support:

- The prohibition on Member States introducing national reporting requirements that duplicate with those of the DAC
- The provisions permitting in scope entities to provide a single notification of its Pillar Two (“DAC 9”) and Country by Country reports (“DAC 4”) for the entire group in a single Member State, with a harmonised filing deadline
- The major changes to reporting of cross-border tax arrangements (“DAC 6”):
 - Scoping out entities that report under Pillar Two where the qualified domestic top-up tax applies and where no related benefits are granted to the MNE group by that jurisdiction
 - Extending the reporting deadline from 30 to 90 days and simplifying the point at which the reporting deadline commences to the first step of implementing the arrangement
 - Deletion of the three generic ‘A’ hallmarks linked to the Main Benefit Test
- Increasing the threshold for reporting of sellers’ transactions by platforms (“DAC 7”) from €2 000 to €3 000
- Introducing a Member State obligation to penalise infringements by non-compliant platforms and to exchange information on non-compliance, where possible. This will help reduce market distortions; particularly noted where sellers have moved their selling activities to non-compliant platforms based in third countries
- Requiring Member States to allow reporters to only report the name and verified tax identification number (TIN) where the reporter verifies the TIN using the proposed TIN verification tool, the UEID or the Member State’s verification services - removing the requirement to disclose the detailed information required in Articles 8, 9, 12, 15 and 16
- Including information exchanges between tax authorities of beneficial ownership of property

Whilst we strongly support the DAC recast proposals, we set out below some detailed technical comments that we believe will further reduce the administrative burdens related to the DAC without reducing its effectiveness.

Reporting of Cross-Border Tax Arrangements (DAC 6)

It is our opinion that the primary reporting requirement for arrangements in scope of this requirement should fall on the taxpayer, with the adviser reporting when requested by the client or where the client is refusing to fulfil its reporting obligations. This would help:

1. Ensure that all elements of the cross-border arrangement are being reported. In many circumstances, tax intermediaries lack an overview of all the relevant aspects of the arrangements, often based on a limited set of information and data, raising frequent doubts on the existence of hallmarks and making it difficult to ascertain whether the Main Benefit Test is met. This is particularly the case where multiple intermediaries are involved with different elements of the arrangement
2. Reflect the fact that the level of involvement that an intermediary has in an arrangement is not constant. Where taxpayers are driving an arrangement, they would normally be in the best position to understand the implications deriving from a specific arrangement and the commercial considerations that underpin the arrangement. Ultimately, it is the taxpayer that obtains the benefit and faces the risks inherent in the arrangement and is the final arbiter of whether an arrangement is implemented. Taxpayer-led reporting would mean that the compliance obligation follows the primary beneficiary of the arrangement
3. Ensure that the new 90-day reporting deadline is met – the 90-day reporting deadline would start from the first step of implementing the arrangement and this would typically be managed by the taxpayer rather than the intermediary. Taxpayer-led reporting would to more certainty in the implementation information provided to tax authorities, including details of any substantial modification to the arrangement
4. Reflect the reality that taxpayers are increasingly better equipped to discharge their reporting obligations. There is a broader trend in tax administrations to emphasise taxpayer accountability, risk management and cooperative compliance. MNEs increasingly have tax risk management processes, tax internal controls and are automating procedures and connecting reporting systems - and use AI tools to ensure accurate data flows. DAC 6 reporting can be integrated into these governance systems with greater efficiency than intermediary-led reporting can achieve
5. Level the playing field between intermediaries that have relevant legal professional privilege and those intermediaries that do not. Making taxpayers

the default reporter avoids tensions between tax transparency objectives and professional secrecy obligations

6. Future proof the DAC. Taxpayers are increasingly using AI tools for tax planning, including for cross-border arrangements. We can expect that this trend will accelerate as more tools become available and their effectiveness and accuracy increases. Where AI tools replace the use of external intermediaries, the concept of intermediary-led reporting breaks down as only the taxpayer will have the complete picture of the arrangement, with intermediaries consulted on specific elements

Interpretation and implementation of specific hallmarks vary widely between Member States, further adding to the difficulties in determining when an arrangement is reportable. We welcome the Commission's intention to work on an Implementing act within 5 years establishing the applicable criteria in respect of the substance criterion in Hallmark D2.

We would also recommend that the Commission, at the bare minimum, provides detailed recommendations in interpretation of the other hallmarks to Member States - to try to improve consistency in their application. For example, in terms of interpreting specific hallmarks, the following issues have been identified:

7. The scope of the B2 hallmark can be particularly unclear - for example in situations where financing structures are changed, where a dividend goes from being taxable to tax exempt and in scenarios where an intermediary vehicle or holding company is inserted into the structure
8. For C1 hallmarks (and primarily C1d), clarity, in the form of guidance should be provided on whether arrangements with such payments are reportable if the preferential treatment etc. at recipient level is within the intent of the law and the payment is taxed at the level above the entity. For example, in cases where income from investments is received by an investment fund type of entity that is tax exempt because the investor in the investment fund is taxed instead, i.e. setups replicating a tax transparency

Furthermore, further clarity should be provided as to whether payments to entities with special statutory tax rates below the ordinary corporate tax rate would be in scope, e.g. deductible payments to a pension fund

9. For hallmark C2, it would be beneficial to have confirmation whether a double tax deduction is in scope if there is also double inclusion so that there is no tax benefit – which could be the situation in certain branch structures or CFC scenarios

10. We have received feedback that D hallmarks are difficult to understand and clarity should be provided on certain aspects – such as whether interposing an entity in an investment structure would not trigger this hallmark if the underlying investors are subject to KYC requirements. Also, for entities that only hold title on behalf of beneficial owners, clarification that they would not necessarily be in scope if beneficial owners are subject to KYC is needed
11. For hallmark E1, it can be unclear what constitutes a safe harbour. For example, for Danish thin capitalisation rules, the DTA guidelines state that use of the threshold for applying the rules may be considered as covered by E.1
12. For hallmark E2, it is unclear whether a recent arm's length acquisition of an asset from a third party would imply that the subsequent intra group transfer should fall outside the scope of this hallmark
13. For hallmark E3, confirmation should be provided as to whether this hallmark also applies when the transferring entity is liquidated after the transfer.

Reporting of Transactions by Platform Operators (DAC 7)

Much of the reporting by platforms are in connection with B2B transactions are already known by tax administrations as they are subject to VAT - thereby representing a cost to the reporters with little or no added benefit for tax authorities. This will only increase as more Member States introduce national e-Invoicing and real time reporting in preparation for the ViDA requirements and further accelerate when the relevant sections of ViDA come into force in 2030. We, therefore, recommend that the EC consider whether B2B transactions can be scoped out of these requirements.

Whilst we welcome the reduced disclosure requirements contained in Article 36(3) where the reporter obtains a verified TIN, we suggest that there is additional scope for simplification of the of the reporting requirements under Article 9. In our opinion, the information required could be reduced to the name of the individual or organisation, the relevant TIN and their address. Information such as birth date or VAT registration details should be already available to tax authorities via the TIN.

We have noted that DAC 7 information is not always fully utilised by some Member States, largely due to the complexity of the data exchanged. Simplifying the data exchanged could enhance its use by all tax authorities, simplify the process for businesses and reduce the perceived need by some Member States for additional measures – such as withholding tax on payments made by platforms to sellers.

We would also suggest that the Commission considers the continued need for the land registration number to be included in the information to be reported in respect of the rental of immovable property. Confusion and incorrect assessment can arise

where, for example, a single land registry reference covers a number of different properties and owners receive assessments for properties that are not let. In our opinion, the address of the property rented should suffice in most circumstances.

Single filing of notification of the reporting entity in an MNE group (DAC 4 and 9)

We support the proposed simplification contained in Article 16, which allows in scope MNEs to file a single notification (using a standardised reporting template) of the reporting entity in the EU that will be responsible for filing the returns required under DAC 4 and DAC 9.

Currently, each entity in an in-scope MNE must separately notify its tax authority as to which entity will file on the group's behalf. The deadline is currently different for DAC 4 (by the last day of the reporting fiscal year) and DAC 9 (within 15 months after the end of the reporting fiscal year).

Although some Member States have exercised the option to extend the DAC 4 notification deadline, Article 16 defaults to the shortest deadline. As DAC 9 reporting is more complex, the usefulness of the Article 16 simplification will be reduced for many of the target MNEs as they will prefer the longer notification period applying to DAC 9 notifications. Consequently, we would recommend that Article 16 be amended to harmonise the notification deadline to 15 months after the end of the reporting fiscal year.

Sincerely,



Jens Poll
President



Eelco van der Enden
Chief Executive

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