

Fresh tax, legal and economic information

NEWSLETTER

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DAC 6 - DEADLINE FOR ANNOUNCEMENT FOR ENTITIES UTILIZING CROSS-BORDER SCHEMES FOR TAX OPTIMIZATION PURPOSES.



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ADVICE OF THE FINANCIAL ADMINISTRATION ON THE POSTPONEMENT ON THE DEADLINE

The Financial Administration would like to draw your attention to the postponement of an obligation resulting from an amendment to the act on international assistance and cooperation in tax administration. The obligation concerns entities utilizing cross-border schemes for tax optimization purposes. Entities must provide the Financial Administration with information on cross-border measures that might pose risk of tax evasion. This obligation is postponed until **1 January 2021**.

A postponement of half a year for notifications of cross-border schemes of potentially aggressive tax planning known as **DAC6** was provided to tax entities (obliged persons, i.e. mediators or users). The amendment to the act on international assistance and cooperation in tax administration has been valid since **1 July 2020**, its effectiveness, however, has been postponed by half a year due to the coronavirus pandemic.

Cross-border schemes usually consist of measures that shift taxable profits to more advantageous tax regimes or that result in a lower total tax liability for the tax payer. These measures may significantly affect tax income of Member States. By introducing the DAC6 exchange, financial administrations of EU Member States are given the possibility to use the data exchange to fight tax evasion.

Automated data exchange (ADE) between countries is an efficient instrument that helps in fighting tax fraud. At the same time, it is a significant tool to increase efficiency and effectiveness of tax collection. Countries conclude agreements specifying what information on tax entities they will exchange with each other. These agreements under ADE are gradually implemented in tax legislation.

Information to be notified by an obliged entity to financial administration includes: identification data of the persons concerned, including state of residence, data on the measure (name, description, characteristics), date of implementation and expected value. Financial Administration therefore informs all the obliged entities who meet the conditions stipulated by the law that the new amendment has introduced the following obligation:

- Provide the Financial Administration with the required information within 30 days from the date of implementation of the measure,

or

- Present the Financial Administration with a declaration if the same information on the measure being notified has already been submitted in another state or by another obliged entity. If more than one obliged entity must submit information on the same measure, they can elect their representative who then submits a joint declaration. This obligation must be met within 30 days of the date of implementation of the measure.

The period of thirty days specified in points 1 and 2 concerning the measure implemented from 1 July 2020 to 31 December 2020 commences on **1 January 2021**. No later than on 28 February 2021, the obligation must be met also in relation to measures implemented from 25 June 2018 to 30 June 2020. All information, including the necessary forms, are published on **www.financnasprava.sk**.

ABOUT US

The companies **MANDAT CONSULTING, k.s.** and **MANDAT AUDIT, s.r.o.** were founded in 2004 as tax advisory and auditing companies. Since their establishment, they have been providing small, medium-sized and companies active in Slovakia with services in the field of tax consultancy, audit and accounting. Long-lasting cooperation with foreign advisory companies hand in hand with the competence of Slovakian tax advisors and auditors enables us rendering our service to the clients originated from abroad.

In present time, 57 well trained members of our staff are at the disposal to our clients.

Information provided in this material are only of a cursory nature.

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