

## DAC6 is Coming - Will It Cause A Chilling Effect On Outside Advisors?

As of July 1, 2020, companies doing business in the EU must adhere to DAC 6 as part of the Mandatory Disclosure requirements. Additionally, retroactive reports must be made available for transactions dating back through June 25, 2018. I pose the question; will DAC 6 cause a chilling effect on the use of outside advisors?

TaxTalent's 2019 Global Tax Market Assessment, urged US tax departments to take this seriously and keep an eye on the directive as countries began implementations. Our industry is still adjusting to tax reform, Digital Service Tax, OECD Pillars 1 and 2, and now is impacted by the stimulus packages put in place by COVID-19. My fear is, with so many balls in the air, preparation for DAC 6 is not at the top of tax department's priority lists.

In essence, your tax advisory firms, both accounting and legal, will become government regulators. They are required to report anything that qualifies as a "hallmark," or they will face a severe penalty. Tax departments are already being asked to do more work with fewer resources; however, you must make time to create a strategy surrounding DAC 6 NOW.

While the EU is the first to administer Mandatory Disclosure, will they be the last? Will this spread outside the EU and make its way to the US? And most importantly, will DAC 6 have a chilling effect on the use of outside advisors moving forward?

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*Post your thoughts in the comments. And as always, if you would like to discuss your department's particular situation, call 843-216-7444 and schedule an appointment with my Project Coordinator, Stephanie Conley.*



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