DAC6 Core Group Meeting
Virtual Event

Agenda

Date:	Wednesday 9 September, 2020
Time:	12:00 - 15:00

Timing	
12:00 - 12:10	**Introduction** - Gary Yantin, Director of Best Practice, VinciWorks
12:10 - 13:00	**Q&A** - James Marshall, policy lead for DAC6, HMRC
13:00 - 13:30	**DAC6 Case Studies** - VinciWorks clients
13:30 - 13.45	Virtual coffee break
13:45 - 14:30	**International Q&A** - Willem-Jan van Veen and Valerie Robbertz, MDR Team, Belastingdienst (Netherlands Tax Authority)
14:30	**Closing Remarks** - Gary Yantin, Director of Best Practice, VinciWorks

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James Marshall

HMRC's policy lead for the implementation of DAC6 in the UK

James joined HMRC in 2012, working on income tax and corporation tax compliance. He has experience of counter-avoidance work as well as dealing with the tax affairs of large and mid-size businesses. He has been working in tax policy for four years, on measures including corporate loss reform and transferable tax history for the oil industry. He currently works on the International Collaboration and Transparency team, where he is the policy lead for the implementation of DAC6 in the UK.

Valérie Robbertz

Coordinator, MDR-team Netherlands Tax and Customs Administration

Valérie started her career as tax adviser in a big4 company but she soon switched to the government. She worked 6 years for the Dutch State Secretary of Finance as advisor on (international) tax matters. She was also delegate for the Netherlands in international organisations. This is where she was first introduced to DAC6. After the Directive was implemented into the Netherlands she decided she would switch to the Tax and Customs Administration to lead the MDR project.

Willem-Jan van Veen

Tax specialist, MDR-team Netherlands Tax and Customs Administration

Willem-Jan has worked for several big4 companies before he came to work for the Tax and Customs Administration. He has worked for the country-by-country reporting team since 2016 and is a Dutch delegate to various OECD meetings. In 2018 he became involved in DAC6 and now divides his time as tax specialist between the MDR-team and the country-by-country reporting team.

What are the primary challenges that you face in implementing DAC6?

All of the responses below were received from core group participants.

1. Engagement with EU regulations when the Brexit transition period ends before the reporting deadline. Working out whether some departments can be excluded completely from scope on the basis of the advice provided.
2. Germany - potential timing mismatches for reporting
3. Intermediary rules for Investment bankers. It's fast becoming clear that our investment bankers would not have the requisite knowledge on any tax arrangements that clients may potentially be involved in, however there is a lot of work to do in order to confirm this position.
4. Workload and complexity involved to identify reportable arrangements and fully understand the hallmarks
5. Putting in place a user-friendly system that ensures compliance without being too burdensome for fee earners
6. 1) How to report on continuous contracts and transactions? Do we report only once and then we do not have to? 2) What are the possible negative consequences if both the taxpayer and the tax consultants/auditor report the same transactions? 3) What are the fines for non-reporting for a taxpayer? 4) If two companies of the same group have a reportable cross-border transaction between them, and they are located in two different EU jurisdictions, does each of them have to report?
7. Getting teams to engage with/prioritise this
8. Implementing procedures for the business and looking at the historic period
9. Ensuring colleagues across the firm are confident in applying the hallmarks to transactions on which they have worked.
10. The content of the legislation itself and the challenge to submit information for numerous entities
11. No clear implementation guidance! Despite hallmarks, large areas to be interpreted by intermediaries / taxpayers.
12. Difference between local implementation whether reportable vs non reportable, especially for those countries where the local law is line with the Directive. Still it seems a lot of divergence in local operation / execution.
13. Getting everyone on board regarding rules and obligations including third party advisors also working for our clients
14. Managing numerous different jurisdictions at the same time.
15. IT build (including schema interpretation, no test environment)
16. Ensuring that all potential transactions are reviewed by relevant fee earners

How have you approached internal messaging and communication around DAC6? What has the partner/fee earner response been?

All of the responses below were received from core group participants.

1. Positive with good attendance at internal training
2. We have sent enquiries to our consultants/auditors asking if they plan to report or already reported
3. Compliance Project run by the Risk Team with Champions in each practice group. Technical assistance provided by the Tax team. Hard to rally teams to engage.
4. Partner response has been mixed, but generally willing to accept ownership of DAC6 compliance with assistance from core DAC6 compliance team.
5. The response has been piecemeal & confused...
6. Meetings and training internally. Response indicates understanding of the requirement, but frustration with the extra (non-productive/no value added) time spent on subject and associated costs.
7. I have given a presentation about DAC6 to all tax advisors, we talk about it during technical sessions, we are now preparing another webinar, we sent an email to the whole organization. Responses are low, most people are still not aware that it's important to implement DAC6 in daily routines.
8. Developing a structured process with internal guidelines for standard transactions.
9. Communicated with the MDR team of the Tax Authority in my country
10. We have a very dedicated MDR team in the Netherlands who also keeps us updated on the MDR developments in the rest of the EU.
11. Intensive communication and trainings
12. Workshops and there will be a training module.
13. Partners and fee earners have been involved in the implementation of DAC6 from the beginning.
14. The response has been generally good but those dealing with investments in non-EU countries not sure how it impacts them
15. We got global firm management on board, together with risk partners. Trailers from global GC to all fee earners, followed by tax team-led training (as precursor to the historical review). The major challenge is the scale of the awareness training that is required, and keeping that fresh.
16. Ongoing training

In what ways is DAC6 similar or different to other compliance processes that you have implemented in the firm?

All of the responses below were received from core group participants.

1. Not similar in any way to any other compliance processes in my firm.
2. There are some similarities with MLR compliance and the need to continually monitor changes to ongoing instructions. It is not enough to just capture the information at matter inception.
3. Totally different
4. Much more painful
5. Similar and possible to add to KYC / Money Laundering procedures for new engagements
6. More difficult/technical.
7. Different, but comparable to the reporting of unusual transactions.
8. Remains open ended and more generic compared to the other compliance processes
9. The 30 day reporting deadline is very short and strict, and each situation is different. This is different from for example VAT which follows a fixed -automated- process.
10. Much broader scope
11. Different because it covers multiple departments and interaction with multiple service providers both on and outside Europe.
12. The law includes many new terms for which there is no clarity on their interpretation. In addition the obligations of each party involved depends on what the other parties do or do not do. Therefore, it is necessary to coordinate with others in order to fulfill one's own obligations.
13. It is new to us as most other compliance processes are outsourced.
14. Given the global scale of DAC6, we have adopted a more global approach (as opposed to the more localised approach adopted for many compliance projects). The process is also more rigid and automated.

What are some strategies or tips you would recommend other firms do to make it an easier process?

All of the responses below were received from core group participants.

1. Start early (ha - too late), document every step in arrangements clearly and escalate early
2. Get VinciWorks on board!
3. Get engagement and buy-in from Compliance and any Digital / Comms teams early. Ensure that as many exclusions as possible under the cross-border definition and hallmarks are agreed as early as possible.
4. Engage fee earners
5. Face-to-face training with opportunity for live questions is important -- DAC6 is too complex for e-learning alone to suffice.
6. Hire someone / get help
7. Intermediaries should take responsibility for their decisions and be able to back them. Don’t rely upon the decisions of other intermediaries.
8. Try to keep it simple; train your colleagues and organize the output
9. Challenge the Big4, being conservative is not always the best strategy for taxpayers.
10. To keep contact with the tax and customs administration on substantive matters of the hallmarks with regard to their findings and case scenarios.
11. Systematic logging and assessment via tooling
12. Unite with other intermediaries in the same sector to discuss DAC6 and learn from each other how to implement DAC6.
13. If you are lucky to be in a jurisdiction that granted an extension for the implementation, get started right away. The implementation and compliance, in particular for historic matters, takes very much longer than anyone expected.
14. Take a risk-based approach given the main benefit test & reason to know defence.
15. Implement and go live with a solution as fast as possible even if it's still a WIP or unrefined. It is much easier to identify issues/efficiency gaps from a working model and build on it.
16. Establish a working group. Give early detailed thought to the practicalities of the workflow. Keep senior management up to date.

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DAC 6

End-to-end solution

VinciWorks's DAC6 reporting tool provides firms with the expertise, knowledge and technical infrastructure to comply with the EU Directive in every EU jurisdiction.

The VinciWorks solution includes:

Access to knowledge and expertise

The VinciWorks DAC6 Reporting Tool is not only a technical solution. The tool is packaged with guides, flowcharts, checklists and guidance derived from tax experts across Europe. VinciWorks clients receive exclusive access to a detailed country-by-country implementation guide that includes deviations from the standard Hallmarks and the particularities of each jurisdiction.

In addition, VinciWorks clients receive:

- A 5 minute online awareness training course for all staff
- A detailed 25 minute online course for staff involved in DAC6
- Guides to DAC6 legislation across EU
- Best-practice project management guides for internal implementation
- Regular DAC6 email newsletter

End-to-end DAC6 reporting

The VinciWorks DAC6 Reporting Tool integrates with your current systems and with government reporting systems.

This includes:

- Partnership with Intapp and other client/matter management software
- Integration with HMRC reporting API
- Integration with other reporting APIs as they become available
- Fully documented API for bespoke integrations
- Integration with HR systems
- Integration with SAML, single-sign-on and Active Directory

The features you need to remain compliant

VinciWorks has been working with leading accounting firms and law firms to ensure that every aspect of the DAC6 Reporting Tool is designed for compliance.

This includes:

- Automatic decision tree that recommends which transactions should be reported
- Different workflows for each European country
- Reminders for reporting deadlines
- Reminders for reviewing ongoing transactions
- Flags for highest risk transactions

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DAC6 Reporting Tool

End-to-end DAC6 compliance

More than just software, the VinciWorks tool provides you with a full solution, including integrated tax expertise, international knowledge and auto reporting.

Key Features

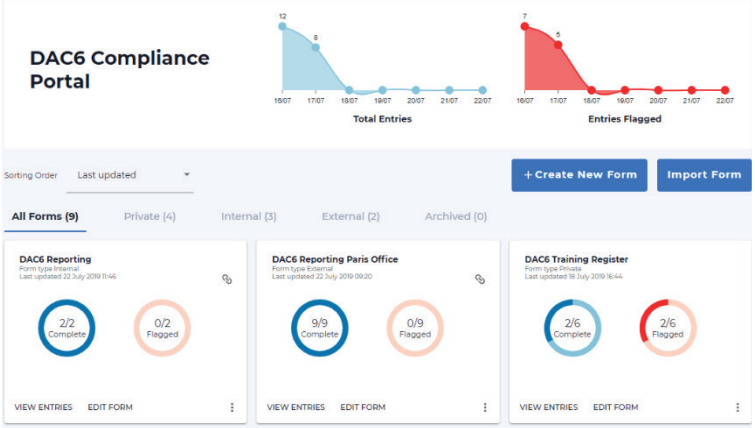
- Record all cross-border tax transactions that may require reporting
- Fully intergated with Intapp ensuring that no transactions are missed
- Links to DAC6 training for just-in-time access to knowledge regarding specific hallmarks and reporting requirements
- Integrated flowchart to identify whether a specific transaction requires reporting automatically
- Reminders and due dates to keep track of deadlines and review matters that change over time

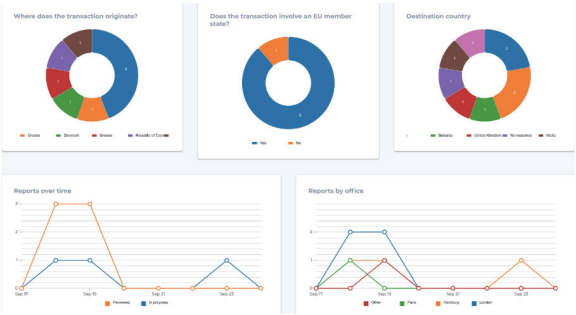
Built by international tax experts

Under DAC6, special entities, known as intermediaries, must log certain cross-border transactions which may have a tax implication and where necessary report these to local tax authorities.

VinciWorks' DAC6 reporting solution allows intermediaries to record all cross-border transactions while guiding them on which transactions require reporting.

VinciWorks has 15 years of proven experience developing compliance tools. Using a collaborative approach, VinciWorks has consulted tax experts across Europe and brought together over 50 law and accounting firms to develop best-practice for DAC6.





Secure DAC6 solution

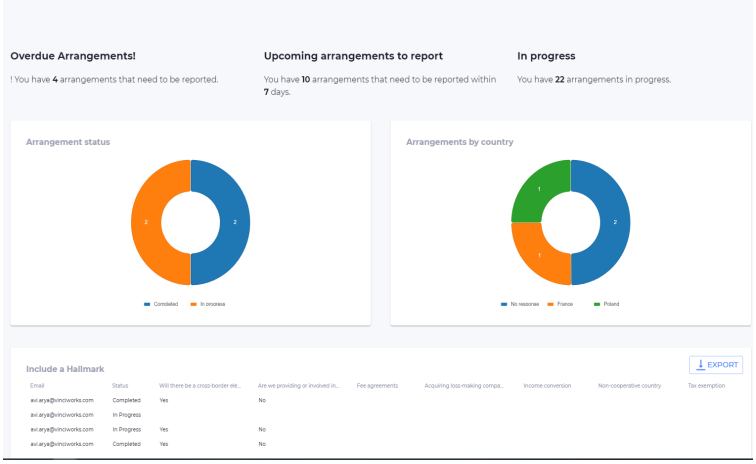
Available on premises or in the cloud, The DAC6 Reporting Tool have been penetration tested multiple times to ensure ultimate cyber security. All data stored in the system is encrypted and all connections are over SSL.

Granular user permissions and data segmentation allow firms to keep data siloed between offices and departments.

DAC6 Reporting Tool

Secure DAC6 Reporting Solution

VinciWorks



Automatic reporting to HMRC

VinciWorks is a member of the HMRC user group and working closely with HMRC on automated reporting with the XML schema. In addition, VinciWorks will develop auto-reporting with other tax authorities.

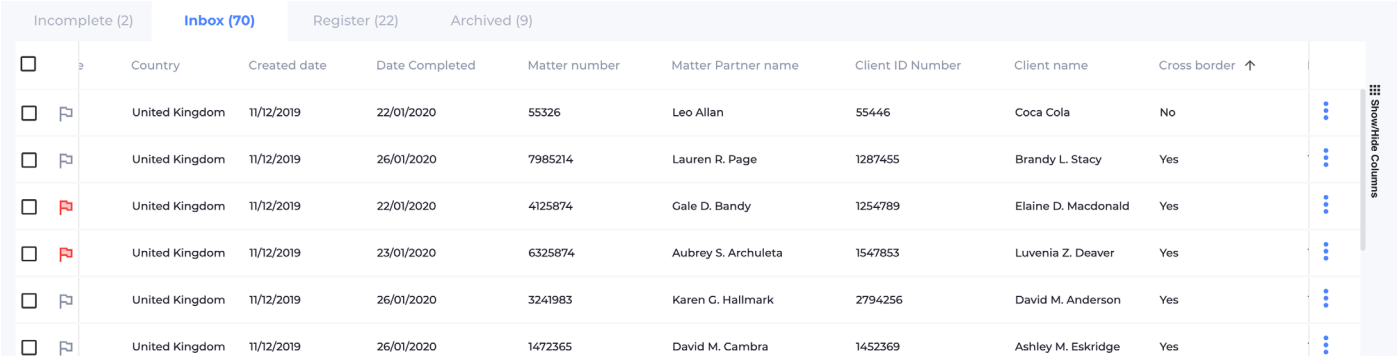
API integrations

VinciWorks has partnered with Intapp on a seamless integration with their matter management software.

In addition, the tool features a fully documented API to enable custom integrations such as syncing users with HR systems and other practice management software.

EU-wide coverage

The tool features workflows designed and updated for the intricacies of each EU member state's implementation of DAC6. Countries with stricter reporting guidelines are flagged.



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Country	Created date	Date Completed	Matter number	Matter Partner name	Client ID Number	Client name	Cross border
United Kingdom	11/12/2019	22/01/2020	55326	Leo Allan	55446	Coca Cola	No
United Kingdom	11/12/2019	26/01/2020	7985214	Lauren R. Page	1287455	Brandy L. Stacy	Yes
United Kingdom	11/12/2019	22/01/2020	4125874	Gale D. Bandy	1254789	Elaine D. Macdonald	Yes
United Kingdom	11/12/2019	23/01/2020	6325874	Aubrey S. Archuleta	1547853	Luvenia Z. Deaver	Yes
United Kingdom	11/12/2019	26/01/2020	3241983	Karen G. Hallmark	2794256	David M. Anderson	Yes
United Kingdom	11/12/2019	26/01/2020	1472365	David M. Cambra	1452369	Ashley M. Eskridge	Yes

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Up to date knowledge

VinciWorks has partnered with tax experts across Europe to provide our clients with the international knowledge and guidance they need to remain compliant. Clients receive access to our awareness training for all staff, a guide to DAC6 across all European member states, and regular regulatory updates.

EU Member State implementation
Country-by-country guide

In collaboration with Transfer Pricing Services, VinciWorks has created the most comprehensive guide to EU DAC6 implementation ever published. This guide is provided exclusively to VinciWorks' clients and provides the following details for each member state:

✓ Tax authority and legislation

- Tax authority name
- Tax authority website
- Name of legislation
- Status of legislation
- Date of publication

✓ Legislative details

- Taxes covered
- Domestic transactions
- Additional hallmarks

✓ Legal professional privilege

- Who has legal professional privilege
- How does it apply to DAC6

✓ Forms of reporting

- How to report
- Details of online reporting
- Language of reports

✓ Penalties

- Reasons for penalties
- Amounts of penalties

✓ Additional relevant information

Sample

A sample of one country from the guide appears on the next page.

1 AUSTRIA

TAX AUTHORITY AND LEGISLATION

TAX AUTHORITY: Bundesministerium für Finanzen (Ministry of Finance)
TAX AUTHORITY WEBSITE: https://www.bmf.gv.at
NAME OF LEGISLATION: EU Mandatory Disclosure Act EU-Meldepflichtgesetz (i.e. short "EU-MPfG")
STATUS OF LEGISLATION: Legislation has been adopted
DATE OF PUBLICATION: 22 October 2019

LEGISLATIVE DETAILS

SAMPLE

TAXES COVERED: Only taxes which are covered by the reporting obligations.
DOMESTIC TRANSPOSITION: No
ADDITIONAL HALLMARKS: No

LEGAL PROFESSIONAL PRIVILEGE (LPP)

Intermediaries are exempt from reporting if they are bound by professional secrecy laws. This could include tax advisors, public accountants, lawyers and notaries. The reporting obligation may also be shifted to a taxpayer in some cases, including cases in which the intermediary is subject to a duty of confidentiality, and the taxpayer has not released the intermediary from its obligation to maintain secrecy.

WHO HAS LPP IN AUSTRIA?

- Tax advisors
- Public accountants
- Lawyers
- Notaries

FORM OF REPORTING

Online reporting can be made via the online service (FinanzOnline) of the Austrian Ministry of Finance (BMF).
Reports can be made in English or German, though some items must be in English only.
If the arrangement was reported by another intermediary, only the arrangement reference number is required.

PENALTIES

Non-fulfilment of reporting obligations can arise in the following cases:

- Failure to file a (complete) report
- Breach of the reporting deadlines
- Inaccurate reporting

The penalties applicable should be as follows:

- Gross negligence: €25,000
- Intentional breach: €50,

SAMPLE

ADDITIONAL RELEVANT INFORMATION

The content of the report can generally be reported in German or English. However, the following information is to be provided in English:

- details of the applicable hallmarks;
- a summary of the content of the reportable cross-border arrangement, including a reference to the name by which it is commonly known, if any; and
- a description in abstract terms of the relevant business activities or arrangements, without leading to the disclosure of a commercial, industrial or professional secret or of a commercial process, or of information the disclosure of which would be contrary to public policy