DAC6/MDR regulation in a nutshell

Inspired by the OECD’s base erosion and profit shifting (BEPS) project, the new EU directive on Mandatory Disclosure Rules (MDR) for intermediaries (DAC6), issued in June 2018, goes one step further in the fight against aggressive tax arrangements and opaque structures. The new directive imposes mandatory reporting of cross-border arrangements which have particular characteristics on intermediaries such as banks, assets managers and tax advisors, and in some cases even taxpayers.

From data collection to report delivery, FiTAX helps financial institutions and intermediaries to handle every aspect of the DAC6 reporting.

The DAC6/MDR module helps intermediaries such as banks, assets managers and tax advisors to meet the new Mandatory Disclosure Rules and to comply with DAC6/MDR obligations. The module covers the following features, among others:

- **Identify** the arrangements
- **Capture** the relevant data of potentially reportable arrangements
- **Evaluate** the arrangements by defining reportable arrangements and documenting the decision
- **Prepare the reporting**: Validated arrangements are sanitized and transformed
- **Pack, encrypt and submit** the reports, if required by the tax authorities.
- **Post-reporting**: After the initial reporting, corrections or iterative reporting may be needed. Originally submitted data remains in FiTAX for audit purposes.

Close collaboration with a Big 4 firm

Since 2001, BearingPoint has been working together with tax advisors of a Big 4 auditor. They support us in the interpretation of tax laws and enable us to prepare the required reports for our customers. This is an example of how we strive to bring real value by adding services that enable high-quality reporting to tax authorities.

DAC6 key issues and challenges

Compared to FATCA or CRS/ AEOI, DAC6 is rather a subjective reporting regime.

One of the biggest challenges is to identify the reportable arrangements. In order to collect the relevant data, reportable institutions or intermediaries have to be aware of the impact of the DAC6 regulation, and to understand the guidelines and all its specifications.

DAC6 reporting is a matter of making the right decisions about what is reportable.
Why FiTAX is the right choice

FiTAX is a reliable solution which addresses the reporting needs of Financial Institutions. Each module is independent and can be used as stand-alone solution, but in order to facilitate the implementation process, all reporting modules share the same user interface, the same IT infrastructure, the same access rights management and the same data.

The right experience

- Almost 20 years of experience: BearingPoint provides tax reporting software to financial institutions since 2001
- An award-winning solution trusted by more than 3,200 financial institutions including Tier-1 financial institutions in 130 countries
- Agile and fast to market

The right partners

- Partnership with a Big 4 tax advisor with strong expertise and a large network
- Pragmatic cases and setups with involvement of existing customers network

The right platform

- Strong technical architecture (security, management, connectivity)
- Data protection and data segregation down to business line level
- Country specific aspects embedded
- Thousands of data quality checks
- Audit trail
- Automated submission to tax authorities
- KPI and management report
- Scalable import features

In line with regulatory requirements

FiTAX is constantly updated in accordance with the ever-changing tax laws and tax reporting requirements, so financial institutions do not have to focus on monitoring and implementing changes but can instead focus on their core activities.

About BearingPoint RegTech

BearingPoint RegTech is a leading international provider of innovative regulatory and risk technology solutions (RegTech and RiskTech) and services along the Regulatory Value Chain for Financial Services. Customers representing 6,000 firms worldwide, among them large international banks, a major part of the largest European banks, leading insurance companies as well as supervisory authorities and central banks, trust BearingPoint’s RegTech products and services. We work closely with regulators and, as a member of standardization bodies such as XBRL, we actively contribute to the standard-setting process. We combine our regulatory know-how with our proven, reliable and forward-looking RegTech solution suite, expert consulting capabilities, as well as managed services and training seminars.

For more information, please visit www.reg.tech

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