

## Denmark publishes draft proposal on Mandatory Disclosure Rules

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### Executive summary

On 8 July 2019, Denmark published a draft proposal providing authority for the Minister of Taxation (the Minister) to implement into Danish law the European Union (EU) directive on Mandatory Disclosure Requirements (Council Directive (EU) 2018/822 of 25 May 2018 - referred to as DAC6) and the Organisation for Economic Co-operation and Development (OECD)'s Model Mandatory Disclosure Rules for Common Reporting Standards Avoidance Arrangements and Opaque Offshore Structures. Under DAC6, taxpayers and intermediaries are required to report cross-border reportable arrangements from 1 July 2020. However, reports will retrospectively cover arrangements where the first step is implemented between 25 June 2018 and 1 July 2020.<sup>1</sup>

The draft proposal is subject to public consultation until 22 August 2019. Following this consultation, a bill is expected to be introduced in Parliament during October 2019 which will be subject to the formal legislative process.

The draft proposal is designed such that the Minister will be authorized to issue regulations that implement the EU and OECD rules into Danish law, and thus at this stage there are no detailed draft rules. The Minister will thus be entitled to establish rules according to which intermediaries must file information that is within their knowledge, possession or control on reportable cross-border arrangements with the Danish tax authorities. Among other things, the Minister

will be entitled to design rules regarding the definition of intermediaries, reportable cross-border arrangements, exemptions from filing obligations, reporting deadlines, notification to other intermediaries and relevant taxpayers, the content of the reporting obligation and updates.

Penalties for non-compliance with the rules are proposed to be dependent on the size of the intermediary and will range from DKK50,000 for small enterprises to DKK400,000 for very large enterprises (minimum penalties).

## Next Steps

Determining if there is a reportable cross-border arrangement raises complex technical and procedural issues for taxpayers and intermediaries. Taxpayers and intermediaries who have operations in Denmark should review their policies and strategies for logging and reporting tax arrangements so that they are fully prepared for meeting these obligations.

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### Endnote

1. See EY Global Tax Alert, [EU publishes Directive on new mandatory transparency rules for intermediaries and taxpayers](#), date 5 June 2018.

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