

Brussels, 10 February 2026

## **EFAMA COMMENTS ON THE EUROPEAN COMMISSION'S PUBLIC CONSULTATION ON THE RECAST OF EU RULES ON ADMINISTRATIVE COOPERATION IN THE FIELD OF TAXATION**

### **Executive Summary**

**EFAMA supports this initiative and the Commission's efforts to simplify EU law. DAC and other tax transparency-related measures have significantly improved cross-border tax cooperation; this should be supported.** However, care needs to be taken to ensure compliance burdens imposed on taxpayers do not strain tax authorities' resources. **This is why we are calling Member States to:**

- **Avoid insufficiently informed amendments.** Such amendments risk unintended consequences and additional costs for end-investors. Rather than introducing new legislation, Member States should focus on maximising the potential of the existing legal framework. Unexpected changes may result in unjustified costs. We are already paying the price for tax integrity, and we want to help ease the DAC's administrative tasks. If it is working in practice, don't touch it.
- **Follow an holistic approach and make better use of the existing tools, and make better use of the work of the OECD on the CRS and MDR.** Explore synergies between tax transparency packages, administrative cooperation tools, and anti-avoidance measures (e.g. better alignment between DAC2/CRS obligations, as there may already be appropriate measures that do not necessitate duplication. Alignment with the OECD on CRS and MDR would ensure coherence across these initiatives, which is crucial to effective tax governance.
- **Consider agreeing on soft-law initiatives (administrative guidance).** There is room for improvement, and some principles and DAC rules can be clarified/harmonised at the EU level, as well as the possible work/actions that could be taken at the EU level, e.g. interpretation / post-implementation measures (e.g. common harmonised guidelines).
- **Fully embrace digital transformation and enhance monitoring mechanisms.** Digitalisation can lead to efficiency gains, reduced compliance costs, and improved data quality. Adequate financial, human, and IT resources are essential for successful implementation. Monitoring mechanisms can be enhanced, and tax administrations must make better use of information received through the system. By leveraging existing tools and embracing digital transformation, we can enhance tax transparency and combat aggressive tax planning effectively.
- **Consider launching a separate initiative to align DAC4 and DAC9.** Given current discussions on the Pillar Two Side-by-Side solution and its impact on DAC9, the alignment of these new requirements should be addressed with caution. At this stage, it may be premature to have a clear picture of Member States' Pillar Two profiles.

Below, EFAMA provides possible responses to some of the questions raised in the questionnaire, and we stand ready to assist, discuss the issues raised in this document, and follow up with targeted discussions with the technical teams of TAXUD and other relevant stakeholders who will work on this initiative.

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## **EFAMA's comments on the European Commission's questionnaire.**

### *Introduction*

*The current Political Guidelines of the European Commission set out the objective of making business easier and faster in Europe by reducing administrative burdens and simplifying implementation.*

*Furthermore, the Commission's long-term competitiveness Communication sets a target of reducing burdens associated with reporting requirements by 25%, and by 35% for SME's without undermining the related policy objectives of the initiatives concerned. In this context, the Commission is working on a possible legislative proposal to recast the Directive on Administrative Cooperation (DAC).*

*DAC governs the cooperation and exchange of direct tax information between tax authorities in the EU. It aims to ensure efficient and effective administrative cooperation between the tax authorities of Member States, to combat tax fraud, evasion and avoidance while protecting tax fairness.*

*DAC has been subject to several amendments in recent years. To date, there have been eight amendments to the original DAC1, with the most recent update in 2025; DAC9. The various iterations of DAC have responded to the challenges presented by the increasingly digitalised economy and the associated risks of tax planning and avoidance. More specifically:*

- *DAC1 laid the foundations for current cooperation between tax authorities in the European Union and introduced Automatic Exchange of Information (AEOI) for certain categories of income and capital received by residents of other Member States; it also reinforced or introduced other forms of administrative cooperation among tax authorities;*
- *DAC2 extended the scope of AEOI to certain financial assets held by non-residents and income accruing from such assets;*
- *DAC3 introduced the AEOI of advance cross-border rulings and pricing arrangements (ATR/APA);*
- *DAC4 introduced the AEOI of Country-By-Country Reports (CBCR) for multinational enterprises (MNEs);*
- *DAC5 provides tax authorities with access to beneficial ownership information collected under anti-money-laundering (AML) rules;*
- *DAC6 introduced the disclosure and AEOI of potentially harmful cross-border tax arrangements;*
- *DAC7 introduced the reporting and AEOI of incomes obtained via online platforms;*
- *DAC8 introduced the reporting and AEOI of information held by crypto-assets services providers; and*
- *DAC9 introduced standard forms for reporting requirements under the Pillar 2 directive.*

*While the DAC has been subject to several amendments over time, there is no current consolidated legal text of the Directive. In this light, it is necessary to bring together, in one single legal text, the DAC and its eight legislative amendments. This will simplify readability and clarity for all relevant stakeholders. A recent Evaluation of the DAC has highlighted the need to simplify the reporting obligations for stakeholders with a view to eliminating possible overlaps, inconsistencies or inefficient reporting, in a manner that reduces the administrative burden. This has been further supported by stakeholders consulted in the context of the overall simplification exercise undertaken by the European Commission. For more information regarding the outcome of the DAC Evaluation and lessons learned therein, please consult the dedicated [page](#).*

## DAC general

The DAC prescribes the standardised IT reporting format (schema) for exchange of information between Member States' tax authorities. This is applied in a harmonised manner across the EU. However, there is no harmonisation of the domestic reporting format that the relevant tax authorities of the Member States require for reporting by the business of DAC information. Some Member States use the schema prescribed in DAC with little or no modifications while some Member States develop their own national reporting schemas, which can create an additional burden for business, especially those that report in several Member States.

**Question 1: Would you be in favour of making the schema used for the exchange of information between Member States' tax authorities also mandatory for the reporting of information by reporting entities to tax authorities, in all Member States?**

**Yes**

No

No opinion

## **EFAMA's comments**

Some Member States already developed their own schemas and, in practice, reporting entities may have to deal with different schemas to report on domestic and cross-border information. TAXUD aims to amend the existing reporting model and create a single reporting model to reduce the additional burden imposed on businesses, especially when reporting impacts activities across several Member States. TAXUD is looking into the longstanding costs and assessing how the reporting procedures can be centralised. One challenge this exercise poses is estimating the cost savings the amendments could bring. The idea would not be to create a new reporting schema, but to use the one already in place under the existing implementing regulation frameworks. This would supposedly address the existing concerns with fragmentation, as businesses have to report in several Member States where the data points are not aligned, as a single reporting form is not available. TAXUD will follow a more data-driven approach, with the focus on aligning the content of the mandatory schemas already used for the exchange of information between Member States. This is how we are reading the assessment that is being prepared by the Commission.

With this in mind, EFAMA members discussed whether the industry would be in favour of making the scheme, which Member States use to exchange information between EU tax authorities, also mandatory for reporting entities to report to tax authorities in all Member States. At this stage, it is challenging to reply to this broad question. A single format may be an interesting idea to explore, especially in the context of the current public consultation on the simplification of the EU's tax framework. This would be a step in the right direction if all Member States were aligned and working towards clarity, consistency, and harmonisation in practice (e.g., by requesting the same format with little room for interpretation and working under the same principles, if possible in alignment with international standards and guidance that are already being used by the industry).

EFAMA would not oppose this initiative, provided it aligns with the OECD CRS/MDR standards. Before we move forward, TAXUD would need to properly assess the impact of these measures at the EU level, and particularly at the level of each Member State. Given the flexibility required by industry and asset service providers (which deal more closely with tax operations and reporting), EFAMA would need to review local arrangements and assess whether mandating a format would be worth it. We support simplification measures and the reduction of administrative burden, but if we want to move forward with this level of standardisation, we need a clear assessment of the initiative's potential implications.

EFAMA is open to exploring this policy option with its network of corporate members and national associations and shall be ready to conduct an impact assessment exercise, if TAXUD or Member States need it. We are in favour of amendments to the existing framework, provided that the implementation of new measures is justified and that procedures that are working in practice are not disrupted, with unintended and unjustified consequences, e.g., negative impact on administrative burden and compliance costs. If it works in practice, better not to amend it.

*Question 2: In how many Member States did you report last year? N/A*

*Question 3: Under which DAC(s) did you report last year? N/A*

*Question 4: Cost of reporting per report (or an average if you report under different DAC) N/A*

*Question 5: Please provide a quantification of cost estimations for the current annual notification regime. Quantification can be made in monetary terms or in FTE. For advisors, please indicate the average. If precise estimations are no available, please provide a range. N/A*

## **DAC4 / DAC9**

**Currently DAC4 requires an MNE group to notify every year the reporting entity for the MNE group and the names of the entities which form part of the Group.**

**Question 6: Would you be in favour of removing this obligation and instead requiring only the notification of changes in the group?**

**Yes**

No

No opinion

## **EFAMA's comments**

TAXUD's focus would be on aligning notifications that may be duplicated. The amendments would be introduced into the implementing acts, and alignment of the reporting timeline is under consideration. The idea is to align and streamline reporting models by amending the implementing acts, enabling businesses to streamline their internal reporting processes. There is insufficient data to quantify the cost savings these amendments would deliver, and this exercise also poses challenges for stakeholders and TAXUD in estimating those savings. This is how we are reading the assessment that is being prepared by the Commission.

We would be in favour of removing this obligation, provided the end result is that, in practice, the future model will have a more efficient reporting system, e.g., with reporting frequency, compliance costs, and the reporting burden being more efficient and proportionate. Subject also to the views of service providers that are more in line with the job when dealing with these reporting obligations.

As a principle, we are in favour of removing it, also from a common-sense perspective. It also depends on who is reporting. We may have scenarios where the industry may be filling a large and complex return (and it may not make much difference to comply with this obligation), but there will be, presumably, other scenarios where we will be dealing with smaller MNE groups who just don't have much change to report, and for which these amendments would simplify the reporting obligations. Where this is the case and the recurring reporting obligations are simplified, we trust that, at least in theory, this would reduce reporting costs. This will also vary depending on the countries where the reporting will take place.

Regarding the possible alignment of DAC4 and DAC9, at this stage of Pillar Two implementation (with the uncertainties arising from discussions at the G7, OECD/IF, and EU levels), it may be premature to have a clear picture of Member States' Pillar Two profiles. For Pillar Two, there are many options, and we have seen that countries have different approaches to implementing the Directive. In some countries, the registration process is simpler, and in others it can be challenging and complex. When dealing with different jurisdictions, the industry may need to file separately, select options, and adapt to each country's specific requirements.

We, and Member States, need more time to identify situations where further administrative guidance is needed to maximise rule coordination, increase tax certainty, and avoid the risk of double taxation in the implementation of the Pillar Two Model Rules (which are being adopted by EU Member States through their transposition into national legislation).

Harmonising the application of Pillar Two rules (globally and at the EU level) is crucial to avoid divergent outcomes. Clear guidance and consistent implementation will help address uncertainties and ensure fair taxation. Specific scenarios may still require careful analysis based on the fund's structure and jurisdictional context.

EFAMA and its members will be prepared to engage in technical discussions with the OECD as the OECD develops administrative guidance for the implementation of the Pillar Two model rules. In the meantime, Member States may want to reconsider whether Pillar Two rules should remain applicable to investment funds, as we are dealing with tax-neutral investment vehicles that should be excluded from these rules, including from the administrative costs (e.g. analysis, disclosures, documentation that needs to be prepared by the funds), that may not be fully justified and that are unintendedly being imposed on our industry, and ultimately being imposed on end-investors.

EFAMA will keep calling for greater consistency in how the EU should address the tax challenges arising from the digital economy, while also wanting to deliver on the main objectives of building an SIU and boosting the EU's competitiveness (for instance, if we want Member States to deliver on the implementation of the best practices and tax recommendations regarding the use of Savings and Investment Accounts, the imposition of unjustified costs from tax compliance on investment vehicles should be reconsidered).

*Question 7: In how many Member States do you notify? N/A*

*Question 8: Cost of reporting per notification N/A*

*Question 9: Please provide a quantification of cost estimations for the current annual notification regime. Quantification can be made in monetary terms or in FTE. For advisors, please indicate the average. If precise estimations are no available, please provide a range. N/A*

*Question 10: Please provide a quantification of cost savings estimations where only the notification of changes in the group is introduced. Quantification can be made in monetary terms or in FTE. For advisors, please indicate the average. If precise estimations are no available, please provide a range. N/A*

**The Pillar 2 Directive (P2D) provides Member States with discretion to design the notification process for the entities in scope, which has led to divergent approaches across Member States. Furthermore, the notification required by P2D is very similar, in some respects, to the notification required by DAC4.**

**Question 11: Would you be in favour of combining the notifications for the purposes of DAC4 and P2D?**

**Yes**

No

No opinion

### **EFAMA's comments**

EFAMA would not oppose Member States from exploring a possible alignment of reporting deadlines. A longer deadline (Pillar Two) would be welcomed. Regarding the possible alignment of DAC4 and DAC9, please refer to the comments made in the executive summary and in our reply to question 6 above.

### **DAC4**

*Question 12: In how many Member States do you notify? N/A*

*Question 13: Cost of reporting per notification N/A*

*Question 14: Please provide a quantification of cost estimations for the DAC4 notification under the current situation requiring separate notifications for the purposes of DAC4 and P2D. Quantification can be made in monetary terms or in FTE. If precise estimations are no available, please provide a range. N/A*

## **Pillar 2 Directive**

*Question 15: In how many Member States do you notify? N/A*

*Question 16: Cost of reporting per notification N/A*

*Question 16: Please provide a quantification of cost estimations for the P2D notification under the current situation requiring separate notifications for the purposes of DAC4 and P2D. Quantification can be made in monetary terms or in FTE. For advisors, please indicate the average. If precise estimations are no available, please provide a range. N/A*

*Question 17: Please provide a quantification of cost estimations if notification for the purposes of DAC4 and P2D are combined. Quantification can be made in monetary terms or in FTE. For advisors, please indicate the average. If precise estimations are no available, please provide a range. N/A*

**Question 18: Currently there are two different reporting schemas under DAC4 and DAC9 with numerous overlapping fields. Would you be in favour of merging the two reporting schemas to prevent possible overlaps and double reporting?**

Yes

No

**No opinion**

## **EFAMA's comments**

Not all fund/asset managers will be in scope under both Directives, and we may have different reporting obligations. Regarding the possible alignment of DAC4 and DAC9, please refer to the comments made in the executive summary and in our reply to question 6 above.

*Question 19: Please provide a quantification of cost saving estimations where the two reporting schemas are merged. Quantification can be made in monetary terms or in FTE. For advisors, please indicate the average (\*) if precise estimations are no available, please provide a range. N/A*

## **DAC6**

**DAC6 foresees that any potentially harmful cross-border tax arrangement needs to be reported within 30 days after the arrangement has been made available.**

**Question 20: Would you support a longer deadline to report an arrangement? In that respect, reasonable extended deadlines, also based on other existing deadlines in DAC, could be 60 days or 90 days. Please clarify.**

Yes – 60 days

**Yes – 90 days**

No

No opinion

## **EFAMA's comments and clarification on question 20**

We agree that the 30-day reporting deadline can be one of the factors significantly increasing the overall complexity of the existing systems, as identified in the DAC evaluation.

This may also contribute to the imposition of unjustified and disproportionate penalties, which should be avoided and simplified (especially in a context where reporting entities and intermediaries want to comply and deliver in good faith). The normal 30-day deadline may be creating hurdles and not helping with the implementation. 90 days (or an even longer deadline) would not pose material risks to Member States' Tax Administrations (Tax integrity vs. Effective use of the information). The tax integrity of both reporting entities and tax authorities would not be at risk, and a longer deadline would be a well-received simplification measure.

The 90-days longer deadline would not bring material liabilities for tax authorities, because in case of any amendments to the existing local legal requirements (e.g. changes in the domestic law, potentially happening once a year, in the budget law, or other urgent needs to collect information) would not be enacted and enforced in 30-days and the extended reporting period would still be sufficient to receive the information that needs to be collected.

From an operational perspective, a longer deadline is, in theory, always welcomed. In theory, the experience of working under a 30-day deadline will vary depending on the size of the reporting entities. At this stage, it is not possible to collect all the data or respond properly to the debate over whether the proposed solutions would enhance the existing reporting models. For small entities, it may be easier to gain a clear picture of the potential impact on their simple line(s) of business and identify ways to streamline their reporting lines. But when it comes to larger entity groups, it may be more challenging to do this exercise, as it will require a more complex picture with several entities, different business lines, and potentially with reporting lines in different countries. In any case, a longer deadline (also necessary to accommodate the need to streamline the reporting models) can bring additional operational enhancements.

EFAMA remains available to deliver additional detailed comments on possible amendments to DAC6.

According to the findings from the DAC evaluation, reporting under DAC6 generates high costs for the intermediaries and taxpayers. Can you please provide estimations of the costs incurred.

#### For taxpayer

*Question 21: Cost of reporting per report N/A*

*Question 22: Please provide a quantification of cost estimations. Quantification can be made in monetary terms or in FTE. If quantifications are not available, please provide a range. N/A*

#### For intermediaries

*Question 23: Cost of reporting per report N/A*

*Question 24: Please provide a quantification of cost estimations. Quantification can be made in monetary terms or in FTE. If quantifications are not available, please provide a range. N/A*

**As indicated in the DAC evaluation, the Main benefit test (MBT) and the connected hallmarks A1, A2 and A3 have been highlighted as difficult to apply and as creating significant administrative burden due to its inherent complexity and divergent interpretation of the concept across Member States.**

**Question 25: Do you agree with the outcome of the DAC evaluation on this issue?**

Yes

No

**No opinion**

**EFAMA's comments on question 25**

At this stage, EFAMA is still building its position on this topic.

We agree with the assessment made in the DAC evaluation that the MBT may have been difficult to apply, and may have created a significant ministry of burden (especially in the beginning and in the implementation, initial reporting times) due to the learning complexity and divergent definitions and different DAC6 profiles of each Member State. The evaluation shall not focus exclusively on the MBT, but shall consider it alongside the Hallmarks.

We agree with the assessment of the DAC6 ambiguity and, as EFAMA has explained since the implementation phase, the wording of the Hallmarks is too broad and complex to implement. But we want to raise awareness and call on TAXUD and on Member States to see the MBT as a useful feature of DAC6, as practice shows that this test has been extremely helpful.

After some years of practice dealing with the implementation and reporting obligations, we can report that the MBT is one of the elements of the Directive that has been preventing the risks of mass reporting that EFAMA identified at the outset as a possible unintended consequence of the challenges posed by the design features of the legal text.

The DAC evaluation and the discussions we are having with members show that the volumes of reporting have been kept relatively manageable, and mass reporting is being avoided – due to several factors that are working in practice, including the existence of MBT.

For instance, we may have specific comments about specific hallmarks, but the practical application of DAC6 has been rescued in cases where local tax authorities used the MBT and issued guidance.

There is always room for improvement and, for EFAMA, the policy options to be considered for this initiative may not necessarily imply amendments to the Directive.

EFAMA will follow up by engaging with TAXUD to help shape the policy options to be followed in this respect, and will remain available to deliver additional detailed comments on possible amendments to DAC6.

*Question 26: Cost of reporting per report for MBT N/A*

*Question 27: Please provide a quantification of cost estimations. Quantification can be made in monetary terms or in FTE. If quantifications are not available, please provide a range. For advisors, please indicate the average. N/A*

**Question 28: Did you encounter issues with the application of any other hallmarks?****EFAMA's comments on question 28**

At this stage, EFAMA is still building its position on this topic, and we can only comment that there is always room for improvement and, for EFAMA, the policy options to be considered for this initiative may not necessarily imply amendments to the Directive. EFAMA will follow up by engaging with TAXUD to help shape the policy options in this respect, and will remain available to provide additional detailed comments on possible amendments to DAC6.

**Article 8ab, paragraph 9 requires that in situations where there are multiple intermediaries involved in the same reportable cross-border arrangement, all of them are liable to report information. While this provides for complete information on the arrangement, it can also lead to duplicative reporting. Furthermore, if intermediaries do not report (e.g. in situations of legal professional privilege), the reporting obligation falls to the taxpayer.**

**Question 29: Please indicate below which option to streamline reporting would you be in favour of:**

Taxpayer as a principal reporting subject, intermediaries secondary  
Single report by intermediaries who are jointly liable  
Taxpayer as a sole reporting subject  
Other

**No change to the current situation**

No opinion

**EFAMA's comments on question 29**

At this stage, EFAMA is still building its position on this topic, and, as a principle, we would prefer no changes to the current situation. EFAMA will follow up by engaging with TAXUD to help shape the policy options in this respect, and will remain available to provide additional detailed comments on possible amendments to DAC6.

**DAC7**

**DAC7 requires the reporting of sellers that carry out activities involving the sale of goods for consideration. Sellers that carry out less than 30 activities involving the sale of goods and for which the total amount of consideration paid or credited does not exceed EUR 2000 during the reporting period are exempt from reporting.**

*Question 30: Would you be in favour of increasing the current exemption threshold for the sale of goods, to exclude more low-value sellers from the DAC7 reporting obligations? N/A*

*Question 31: If yes, please state the activity and/or monetary exemption threshold for the sale of goods that you deem to be most appropriate? N/A*

*Question 32: Cost of reporting per report N/A*

*Question 33: Please provide a quantification of cost estimations. Quantification can be made in monetary terms or in FTE. If quantifications are not available, please provide a range. For advisors, please indicate the average. N/A*

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## **ABOUT EFAMA**

EFAMA is the voice of the European investment management industry, which manages EUR 28.5 trillion of assets on behalf of its clients in Europe and around the world. We advocate for a regulatory environment that supports our industry's crucial role in steering capital towards investments for a sustainable future and providing long-term value for investors. Besides fostering a Capital Markets Union, consumer empowerment and sustainable finance in Europe, we also support open and well-functioning global capital markets and engage with international standard setters and relevant third-country authorities. EFAMA is a primary source of industry statistical data and issues regular publications, including Market Insights and the EFAMA Fact Book.

More information is available at [www.efama.org](http://www.efama.org)

### **Contact:**

**António Frade Correia**

Senior Tax Advisor

[antonio.fradecorreia@efama.org](mailto:antonio.fradecorreia@efama.org)

+32 2 513 39 69