

Response to the European Commission's 2026 DAC review

The European Round Table for Industry (ERT) appreciates the European Commission's initiative to review and recast the Directive on Administrative Cooperation (DAC). We fully endorse the Commission's political objective, outlined in the *Long-Term Competitiveness Communication*, to reduce administrative burdens associated with reporting requirements by 25%.

In an increasingly complex global economic environment, tax transparency is essential. However, it must be balanced with efficiency and proportionality. The current DAC framework has evolved through successive amendments into a dense web of overlapping obligations. This has created a compliance environment where the administrative cost to businesses often outweighs the actionable value delivered to tax administrations. In particular, it is not clear to the taxpayer how much the DAC framework adds to the goal of transparency and fairness. The “benefit” amount of € 6.8 billion generated by DAC is not substantiated.¹

This recast, encompassing all DAC directives (DAC1 to DAC9), is a critical opportunity to reverse that trend. It should not merely consolidate existing texts but fundamentally streamline the acquis to support the EU's competitiveness goals.

ERT calls on the Commission (in line with its own findings in its report to the European Parliament) to prioritise quality over quantity in data exchange, ensuring that reporting obligations are targeted, harmonised, and stripped of redundancy. This includes the recommendation to embed a risk-based design principle across the DAC framework with reporting obligations focussing on high-risk transactions.

Our specific recommendations are detailed below.

1. Eliminate duplication: Align DAC4, DAC6, DAC7, DAC9, and Pillar 2

ERT welcomes the Commission's recognition that the non-alignment of reporting requirements increases compliance costs. Businesses face a fragmented reporting landscape, with multiple filings, differing deadlines, and inconsistent reporting formats creating inefficiencies. ERT calls for the alignment of reporting obligations across DAC directives, including DAC4 (Country-by-Country Reporting or CbCR), DAC6 (cross-border arrangements), DAC7 (platforms), and DAC9 (Pillar II).

¹ Cf. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the evaluation of Council Directive 2011/16/EU on administrative cooperation in the field of taxation, COM(2025) 695.

Concrete measures include:

- a. **Aligning notification and reporting obligations across DACs** to ensure that one report satisfies multiple obligations. This can be achieved by exploring the integration of financial subsidy regulations into the DAC framework, which will reduce redundancy and improve efficiency.
- b. **Introducing simplified reporting procedures**, particularly for low-volume or low-risk transactions.
- c. **Establishing a single EU portal for all DAC-related submissions**. This portal should allow taxpayers to submit once for all applicable DAC obligations, with Member States extracting relevant data automatically. This should be accompanied by harmonised deadlines, mutual recognition of filings, and standardised templates across jurisdictions. The same infrastructure could enable automatic data sharing across DAC directives, reducing overlapping data requests and serving as an intermediate step toward legislative consolidation.

2. Refocus DAC6 Hallmarks

ERT calls for changes to DAC6, as it currently imposes high compliance costs, with limited benefits for tax authorities. In light of the expansion of transparency obligations through public Country-by-Country Reporting and Pillar 2, the continued standalone value of DAC6 should be reassessed, including the option of removing or fundamentally redesigning. Companies report substantial resources spent on screening thousands of transactions with **zero reportable cases** over several years.

Recommended changes include:

- a. **Narrowing the scope of DAC6** to target genuinely aggressive tax planning and removing or refining hallmarks that trigger reporting for standard, routine transactions. The identification of reportable cases should focus on high-risk cross-border arrangements that truly warrant scrutiny by tax authorities.
e.g. All transfer pricing hallmarks could be abolished as all member states have implemented massive documentation obligations for multinationals on their routine and extraordinary transactions anyway.
- b. Establishing a **whitelist for standard, low-risk transactions** to reduce unnecessary reporting.
- c. **Developing harmonised EU guidelines for the application of DAC6 hallmarks** to ensure consistent interpretations across Member States.
e.g. Hallmark E.3 should exclude formal corporate reorganisation (e.g., liquidations, or mergers by absorption) aimed at the cessation of the activity that lacks a substantive relocation of functions or risks or where the EBIT effect is unrelated to the restructuring. Introducing an explicit carve-out for ex lege restructurings that lack substance (i.e., no relocation of functions/risks) avoids over-reporting and enhances proportional, risk-based compliance.
- d. Introducing **simplified reporting systems**, such as standardised web forms, to ease the reporting process for low-risk cases.

3. Reduce Compliance Burden

ERT emphasises the need for a reduction of taxpayers' compliance burden by consistent reporting formats, alignment of deadlines across and adjustment of reporting thresholds of all DAC directives to streamline the process and reduce compliance costs. This could even result in consolidating DAC1 through DAC9 into a single, cohesive legal instrument (e.g. DAC10), to reduce fragmentation and improve legal clarity.

Specific recommendations include:

- a. **Consistent acceptance of XML schemas.** Although XML schemas already exist for several DACs, there are significant discrepancies in their implementation and acceptance across Member States.
- b. **Alignment of deadlines.** Reporting deadlines for all DACs should be harmonised, enabling businesses to automate their compliance processes. This would simplify the reporting burden and reduce the risk of missing deadlines.
- c. **Excluding SMEs and low-volume transactions.** The Commission should consider raising exclusions for smaller entities or transactions within the reporting framework to reduce unnecessary compliance costs for businesses without sacrificing the effectiveness of DAC. E.g. DAC6 reports could be significantly reduced for SMEs without losing the overall target of identifying high-risk transactions, DAC7 platform reporting should be simplified for low transactions volumes.