Executive summary

On 19 July 2020, the French Parliament voted an article of the third Amending Finance Bill for 2020 (the Bill), that implements into French law a six-month deferral to the European Union (EU) Directive on the mandatory disclosure and exchange of cross-border tax arrangements (referred to as DAC6 or the Directive).

This provision follows the adoption on 24 June 2020 by the Council of the EU of amendments to the EU Directive 2011/16 allowing Member States an option to defer, for up to six months, the time limits for the filing and exchange of information on cross-border arrangements under DAC6.

Detailed discussion

Under DAC6, taxpayers and intermediaries are required to report cross-border reportable arrangements from 1 July 2020. However, reports retrospectively cover arrangements where the first step is implemented between 25 June 2018 and 1 July 2020.¹

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¹ References should be included if necessary.
On 24 June 2020, the EU Council amended the Directive 2011/16 in order to provide Member States with an option to defer, for up to six months, the time limits for the filing and exchange of information on cross-border arrangements under DAC6. The amendments also provide the possibility of one further extension for a maximum additional three months, by unanimous decision of the Council, depending on the evolution of the pandemic.2

On 19 July 2020, the French Parliament voted an article of the third Amending Finance Bill for 2020 that implements into French law this six-month deferral. Other provisions of the Bill are still being discussed by the French Parliament, but the deferral provision can be considered as definitive as it has already been voted favorably by both the French Senate and the French National Assembly. The entire bill is expected to be adopted and published by the end of the month.

The reporting deadlines under the new French rules are as follows:

- Cross-border arrangements whose first step of implementation took place between 25 June 2018 and 30 June 2020 must be reported by 28 February 2021 at the latest.

- For cross-border arrangements that are made available for implementation or are ready for implementation, or where the first step in their implementation has been made between 1 July 2020 and 31 December 2020, the period of 30 days to report the arrangements will begin by 1 January 2021.

- For intermediaries who have provided, directly or by means of other persons, aid, assistance or advice between 1 July 2020 and 31 December 2020, the period of 30 days to report the arrangements will begin by 1 January 2021.

- In the case of marketable arrangements, the first periodic report must be made by the intermediary by 30 April 2021 at the latest.

Next steps
Determining if there is a reportable cross-border arrangement raises complex technical and procedural issues for taxpayers and intermediaries. Due to the scale and significance of the regime enacted in the legislation and official tax guidelines, taxpayers and intermediaries who have operations in France should review their policies and strategies for logging and reporting tax arrangements so that they are fully prepared for meeting their obligations.

Endnotes

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