

## Luxembourg Tax Authorities publish XML schema and User Guide on submitting MDR reports

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### Executive summary

On 14 October 2020, the Luxembourg Tax Authorities (LTA) released the Mandatory Disclosure Rules (MDR) XML schema and User Guide on submitting MDR reports. Such reports are required under the implementation of the European Union (EU) Directive on the mandatory disclosure and exchange of cross-border tax arrangements (referred to as DAC6 or the Directive).

Under DAC6, taxpayers and intermediaries are required to file information on reportable cross-border 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. On 24 July 2020, the deadline for the filing and exchange of information in Luxembourg on cross-border arrangements under DAC6 was deferred for six months.<sup>1</sup>

The newly issued User Guide provides more details regarding the submission of MDR reports via either manual entries of information on the MyGuichet platform and/or direct submissions of XML files. Both means of reporting are scheduled to be available as from 1 January 2021.

## Detailed discussion

Intermediaries and relevant taxpayers will have two means for submitting reports to the tax authorities:

1. Manual entry of information: The data for each individual report is entered in an online form located on the MyGuichet platform (the same platform through which tax returns are to be filed) and then transmitted to the LTA.
2. XML upload: XML files are uploaded directly via the MyGuichet platform.

The interface will be available in English, French and German, but the information to be reported is to be provided in English.

The MDR XML-schema file has also been made available on the Luxembourg tax authorities' website.

In both cases, authentication will be required to be able to submit reports, which requires a number of administrative steps. For that purpose, there are different products available which can be used to sign onto the MyGuichet platform: a LuxTrust Token, a LuxTrust Smartcard, LuxTrust Signing Stick or a Luxembourg electronic ID card (eID). Obtaining the authentication product may take a few weeks.

A User Guide provides more detailed information on the submission process of information regarding reportable tax arrangements under DAC6. The first part of the User Guide contains step-by-step instructions on how to complete an MDR report online and then submit to the LTA, including:

- ▶ Data fields covering intermediaries, taxpayers and other persons involved (with related address, tax identification number and a series of other relevant information)
- ▶ Other fields covering information in relation to the cross-border arrangement itself (name, description, submission or not to MBT, hallmark reference, value, currency, concerned Member States, reference to national tax laws)

The second part describes how to upload and submit an XML file via the MyGuichet platform. This submission is operated through a drag and drop of the XML file for the reportable transaction. The guidelines specify that the submission of zip files containing various XML files is possible but subject to the requirement that one XML file must contain only one cross-border arrangement declaration.

The system allocates an arrangement ID and a disclosure ID and generates a confirmation of submission. The report needs to be signed electronically before being submitted to the LTA.

In addition to submitting new reports, it will also be possible to submit: (i) additional reports that are related to an existing arrangement; and (ii) corrections to a report that has already been submitted to the LTA. In both cases, details of the previously filed report have to be specified when submitting the additional report. Where corrections need to be filed, the User Guide requests that the LTA be contacted as a first step. The User Guide also specifies that the interface cannot be used to withdraw a previously filed report. For such cases the LTA have to be contacted.

As the new tool is still in the testing phase further changes in the reporting process cannot be excluded.

Based on the information published, both options of submitting MDR reports shall be available as from 1 January 2021.

## Next Steps

With the above practical developments, it becomes crucial for intermediaries and relevant taxpayers to prepare for the actual submission of reports that will have to be made as from 2021, also in light of the potentially high penalties. Intermediaries and taxpayers should also take instant administrative steps to ensure they will be able to submit reports as of 1 January 2021.

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## Endnote

1. See EY Global Tax Alert, [Luxembourg enacts deferral of MDR reporting deadlines for six months](#), dated 30 July 2020.

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