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The EU's new mandatory disclosure regime leaves many questions unanswered. What can companies do to prepare?

Under the EU's mandatory disclosure regime (MDR), intermediaries (such as tax advisors, tax accountants and tax lawyers) and taxpayers will have to report cross-border reportable arrangements that contain one or more features, or "hallmarks," that cover a broad range of structures and transactions. Disclosure will be required for arrangements within the EU, as well as between EU Member States and third countries. It will include the names of the intermediaries and relevant taxpayers, their place of residence and tax identification number, together with summary information on the arrangement itself. Tax authorities will use the data received to target certain types of transactions for follow-up.

The speed with which the MDR is being introduced creates logistical challenges for tax authorities, intermediaries and taxpayers alike. Intermediaries will disclose using available information and the tight reporting deadlines imposed by the MDR may result in inconsistent reporting which may lead to potential penalties and tax audits. Companies should act now to implement policies, procedures and processes to facilitate proper disclosure and to capture details of reportable transactions.

To help you understand the complexities of MDR and how EY can help you mitigate the risks, read more in the MDR round table discussion and Alex Postma's, former Global Director of International Tax Services, blog, and watch the EU MDR webcast.

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