

Dear Customers,

BBAC Bank S.A.L would like to bring your attention that on 25 May 2018, EU Council directive 2018/855 (known as “DAC6”) was published in the official Journal of the EU.

DAC6 is intended to increase transparency in the area of direct taxation, with a view of combating tax avoidance and tax evasion in the EU. The new directive has been designed to discourage aggressive tax planning arrangements and is seen by the EU as a necessary measure to counteract the design and implementation of harmful tax practices.

On 31 March 2021 Cyprus brought into force the amending Law on Administrative Cooperation in the Field of Taxation 2021 transposing DAC6 into national law (“the Law”). As intermediaries with an EU nexus, BBAC S.A.L is required to disclose certain cross-border arrangements if their implementation started on or after June 25, 2018. In this respect, EU-based intermediaries (including the Bank) or taxpayers may be obliged to report certain information that may, otherwise, be confidential, to the designated domestic competent authorities of Cyprus who would disclose the reported data by means of automatic exchange, to all other EU member states.

DAC6 provides that information is reportable if it relates to a cross-border arrangement (i.e. an arrangement concerning more than one member state or a member state and a third country) that meet certain criteria, known as “hallmarks”. Each hallmark category sets out particular characteristics that have been identified by the EU as potential indicators of aggressive tax planning:

- **Category A:** Generic hallmarks linked to the main benefit test.
- **Category B:** Specific hallmarks linked to the main benefit test.
- **Category C:** Specific hallmarks related to cross-border transactions.
- **Category D:** Specific hallmarks concerning automatic exchange of information and beneficial ownership.
- **Category E:** Specific hallmarks concerning transfer pricing.

For the full text of DAC6 please follow the below link

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0822&qid=1579508645049&from=EN>

On 26 February 2021, the Cyprus Tax authority has extended the reporting deadline to **30, June 2021** where no administrative fines for overdue submissions of DAC6 will apply. Furthermore, from 1 June, 2021 reportable arrangements must be disclosed within **30 days** of certain specific events. Reportable arrangements are arrangements entered on or after the 25 June 2018.

If we reasonably believe that a cross-border arrangement is reportable, and we are obliged by law to disclose such arrangement, the Bank will proceed with the



submission of the required information to the designated domestic competent authority.

For any further clarification and/or information, please contact our Branch in Limassol.

144 Archbishop Makarios III Avenue,
BBAC Building, 3021 Limassol
P.O.Box: 56201 3305 Limassol
Tel: (+357) 25 - 381286 - 381290 - 738807
Telefax: (+357) 25 - 381584 - 384411
E-mail: limassol@bbac.com.lb