

Sweden publishes new draft legislation on Mandatory Disclosure regime

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Executive summary

On 6 December 2019, the Swedish Government published new draft legislation implementing 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 report cross-border reportable arrangements from 1 July 2020. However, reports will retrospectively cover arrangements where the first step is implemented between 25 June 2018 and 1 July 2020.¹

The new draft legislation is subject to scrutiny by The Council on Legislation (Swe: Lagrådet). The new draft legislation is also subject to the formal legislative process but is unlikely to be amended materially before final enactment. The final bill to Parliament is expected within the next few weeks.

If implemented as currently proposed, the Swedish Mandatory Disclosure Rules (MDR) legislation will be broadly aligned to the requirements of the Directive. However, the proposal states that it deals only with the implementation of DAC6 and that the Government is considering whether domestic arrangements should also be covered.

The Swedish legislation will enter into force on 1 July 2020 and sanctions will be effective from that date.

The key highlights of the current Swedish draft legislation are summarized below.

Key highlights

- ▶ The scope of taxes covered is in accordance with the Directive.
- ▶ The definition of reportable arrangements does not include domestic arrangements.
- ▶ There are no other hallmarks than what is included in DAC6.
- ▶ The definition of intermediaries is in accordance with the definition in DAC6.
- ▶ The Swedish reporting deadlines do not differ from the DAC6 reporting deadlines.
- ▶ Penalties for failure to report up to a maximum of SEK315,000 are proposed. Voluntary corrections in arrears may reduce the penalty amount.

- ▶ It is suggested that penalties do not apply for failure to report an arrangement that started to be implemented after 24 June 2018 and before 1 July 2020.
- ▶ The draft contains some examples on several of the hallmarks, the details of which will be covered in a more detailed alert

Next steps

Determining if there is a reportable cross-border arrangement raises complex technical and procedural issues for taxpayers and intermediaries. Taxpayers and intermediaries who have operations in Sweden should review their policies and strategies for logging and reporting tax arrangements so that they are fully prepared for meeting these obligations.

A detailed Global Tax Alert is forthcoming.

Endnote

1. See EY Global Tax Alert, [EU publishes Directive on new mandatory transparency rules for intermediaries and taxpayers](#), date 5 June 2018.

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