



10 February 2026

Directorate-General for Taxation and Customs Union  
SPA3 08/015  
B-1049 Brussels  
Belgium

**Via Online Submission**

**RE: Possible Recast of Directive on Administrative Cooperation**

Dear or Sir or Madam:

The European Commission has issued a public consultation (the “Consultation”) regarding a possible legislative proposal to recast the Directive on Administrative Cooperation (“DAC”). DAC governs the cooperation and exchange of direct tax information between tax authorities in the European Union. The DAC has been amended several times, but there is no consolidated legal text of the Directive. The Consultation notes it is necessary to bring together the DAC and its amendments into a single text to simplify readability and clarity for all relevant stakeholders. The goal is to simplify stakeholder reporting obligations and eliminate possible overlaps, inconsistencies or inefficient reporting, in a manner that reduces the administrative burden.

On behalf of Tax Executives Institute, Inc. (“TEI”), I am pleased to respond to the Commission’s DAC Consultation.

**About TEI**

TEI was founded in 1944 to serve the needs of business tax professionals. Today, the organization has 55 chapters in Europe, the Middle East & Africa (“EMEA”), North and South America, and Asia. TEI, as the preeminent association of in-house tax professionals worldwide, has a significant interest in promoting sound tax policy, as well as the fair and efficient administration of the tax laws, at all levels of government. Our nearly 6,000 individual members represent over 2,800 of the leading companies in the world.<sup>1</sup>

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<sup>1</sup> TEI is organized under the Not-For-Profit Corporation Law of the State of New York. TEI is exempt from U.S. Federal Income Tax under section 501(c)(6) of the U.S. Internal Revenue Code of 1986 (as amended). TEI’s EC transparency registration number is 52413445902-12.

## Executive Summary

TEI recommends simplification driven reform reducing administrative burdens, eliminating duplication, and aligning DAC4 and 6 with the post-BEPS and Pillar Two environment. In this regard our key messages are:

- Avoid creating additional administrative layers and simplify where possible.
- Eliminate duplication of obligations already governed by the Anti-Tax Avoidance Directive, OECD Pillar Two, Country-by-Country Reporting (including the public version) (“CbCR”), Automatic Exchange of Information (“AEOI”), Anti-Money Laundering (“AML”) rules, and beneficial ownership frameworks.
- Update and align the DAC6 hallmarks with more recent Directives.
- Streamline notification procedures to enhance legal certainty and consistency across Member States.

## DAC6 Reporting Costs

TEI’s member surveys show that DAC6 reporting costs decrease over time—provided that the rules remain stable. Once organisations have moved beyond the initial implementation phase, the processes required for DAC6 compliance become more predictable and efficient. Organisations establish internal procedures, train staff, and make available manuals or decision trees to guide assessments. As familiarity increases and workflows mature, the marginal cost of each DAC6 analysis diminishes significantly.

By contrast, the initial implementation of DAC6 was extremely time-consuming and resource intensive for most organisations. Survey feedback indicates that over 90% of respondents required more than five full working days merely to meet the baseline requirements, while approximately half spent more than twenty-five full working days on DAC6-related tasks. These figures reflect the broad organisational footprint of DAC6 implementation. It was not limited to tax teams; dedicated DAC6 departments invested substantial time in understanding interpretations and designing processes. Additional time was required from other functions as well.

Human Resources and training teams were involved in developing internal procedures to ensure relevant staff received appropriate instruction. IT resources were needed to build or adapt reporting systems capable of supporting DAC6 obligations. Business analysts played a crucial role in converting legal and technical rules into specifications that IT systems could operationalize.

This experience explains a consistent message from stakeholders: *One well designed simplification measure is strongly preferred over multiple incremental or suboptimal adjustments.* A single,

clear, and well targeted simplification—rather than several “not so good” changes—is the only approach that genuinely reduces administrative burdens in practice.

### **TEI’s Proposed Recast of DAC6**

TEI recommends the following in respect of DAC6:

- Retain the Main Benefit Test
- Delete all “A” Hallmarks (A.1, A.2, A.3)
- Hallmark B should remain unchanged
- Introduce a carve-out under Hallmark C for Pillar Two, in-scope taxpayers
- Reassess Hallmark D separately

Our proposal offers a most pragmatic and proportionate path toward simplifying DAC6. Its strength lies in its clarity and focus: it is simple, targeted, and aligned with the actual risk landscape rather than theoretical concerns. Because it builds on the existing framework rather than replacing it, our proposal delivers immediate simplification without requiring large-scale legislative redesign.

A further advantage of our proposal is that it avoids recreating the type of complexity associated with the Unshell Directive. The Unshell initiative demonstrated how quickly substance-based criteria can lead to interpretative uncertainty, divergent national applications, and a high administrative burden. By resisting the introduction of similar concepts into DAC6 hallmarks, our proposal protects stakeholders from a repeat of that outcome.

Equally important, our proposal provides legal certainty. It prevents rushed compromises that often emerge in politically sensitive negotiations, which tend to undermine simplification goals rather than support them. Introducing new requirements—particularly substance-based criteria—would trigger difficult and long-lasting negotiations among Member States. Experience shows that such negotiations either fail outright, putting the entire Simplification project at risk, or end in compromises.

These compromises rarely produce clarity; more often, they generate new ambiguities, implementation challenges, and administrative burdens. Given this context, the risk associated with incorporating substance requirements into the hallmarks is both significant and predictable. Our proposal, by contrast, offers a stable, workable, and legally robust solution that can be implemented quickly and without derailing the overall simplification agenda.

## Hallmark D

We support a full review of Hallmark D considering existing frameworks, such as AEOI, AMLD5/6, and beneficial ownership registries. A well-founded assessment of Hallmark D may show limited incremental value.

## Hallmark E3

Hallmark E3 is obsolete because it is included in the CbCR Local File. Therefore, eliminating Hallmark E3 would provide easy simplification.

## Harmonisation of Notification Obligations (DAC4–DAC9)

Our experience with DAC9 (previously DAC5) clearly shows that most of the time spent in connection with this notification is not the completion of the form itself, but managing the different deadlines among member states, submitting the notifications in different formats (via a tax return, separate forms, and registering entities in a portal and managing notifications from there). It is exactly this variance that brings a significant compliance burden. Therefore, TEI supports aligning DAC 4 and DAC9 as follows:

- One EU-wide submission to avoid divergent Member State practices.
- Unified DAC deadlines to eliminate mismatches between CbCR and Pillar Two timelines.
- Prevention of duplication: A new notification should only be required in case of a material change to group structure or filing entity.
- Mandatory standardised templates to reduce legal uncertainty and administrative effort.

## Conclusion

TEI's proposal offers a workable and proportionate route to meaningful DAC4/6 simplification. Its value lies in its clarity and practicality: it simplifies the framework without introducing new layers of complexity or triggering large scale legislative redesign. In addition, it does not ignore the most influential development in international taxation in recent years. Instead, it provides an easy-to-manage carve out for Pillar Two taxpayers where it is most appropriate: Hallmark C.

In short, it is the only approach that delivers genuine, immediate simplification while maintaining the stability organisations depend on.

At the same time, the alignment of notification obligations under DAC4 and DAC9 is essential to reducing the administrative burden across the broader transparency framework. A single EU wide submission, unified deadlines, and prevention of duplicate notifications would eliminate the inefficiencies created by divergent national practices. Harmonised DAC4/9 procedures ensure that the overall reporting ecosystem becomes more coherent, predictable, and manageable

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TEI appreciates the opportunity to comment on the possibility of a legislative recast of the Directive on Administrative Cooperation. Should you have any questions regarding TEI's comments, please do not hesitate to contact Ralf Thelosen at [rthelosen@citco.com](mailto:rthelosen@citco.com) or Benjamin R. Shreck of TEI's Legal Staff, at [bshreck@tei.org](mailto:bshreck@tei.org) or +1 202 464 8353.

Respectfully submitted,

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