
The Directive on administrative cooperation in the field of taxation (DAC)

Part 38-03-36

This document should be read in conjunction with [Council Directive 2011/16/EU of 15 February 2011](#), [Council Directive 2014/107/EU of 9 December 2014](#), [Council Directive 2015/2376 of 8 December 2015](#), [Council Directive 2016/881/EU of 25 May 2016](#), [Council Directive \(EU\) 2016/2258 of 6 December 2016](#), [Council Directive \(EU\) 2018/822 of 25 May 2018](#), [Council Directive \(EU\) 2020/876 of 24 June 2020](#), and [Council Directive \(EU\) 2021/514 of 22 March 2021](#).

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1 Introduction

[Council Directive 2011/16/EU](#) (“DAC1”), which was first agreed in 2011, directs the tax administrations of all EU Member States to exchange certain information with each other. The DAC established the legal framework and structure for a secure platform for this cross-border co-operation.

Since its introduction the DAC has been amended seven times –

1. [Council Directive 2014/107/EU](#) (“DAC2”) introduced automatic exchange of financial account information,
2. [Council Directive \(EU\) 2015/2376](#) (“DAC3”) introduced automatic exchange of tax rulings and advance pricing agreements,
3. [Council Directive \(EU\) 2016/881](#) (“DAC4”) introduced automatic exchange of country by county reports,
4. [Council Directive \(EU\) 2016/2258](#) (“DAC5”) ensures tax authorities have access to beneficial ownership information collected pursuant to certain anti-money laundering legislation,
5. [Council Directive \(EU\) 2018/822](#) (“DAC6”) introduced automatic exchange of reportable cross border arrangements,
6. In 2020 the DAC was amended by way of [Council Directive \(EU\) 2020/876](#) to provide for COVID related extensions on the time periods for reporting and exchanging under the DAC, and
7. [Council Directive \(EU\) 2021/514](#) (“DAC7”) introduces automatic exchange of information for sellers using digital platforms, new concepts such as joint audits, clarifies the term “foreseeable relevance” for the purpose of exchange of information on request and adds new rules on exchange of information on request for groups of taxpayers.

This Tax and Duty Manual provides a road map to the Irish transposition of the DAC, and general guidance on the scope and application of the DAC and the amendments to it.

1.1 DAC1

[DAC1](#) provides for the legal framework and structure for the secure automatic exchange of certain tax related information annually between Member States. The first Automatic Exchange of Information (“AEOI”) took place under DAC1 on 30 June 2015. Data held by the tax authority relating to the following categories of income and capital are covered by DAC1 and may be subject to AEOI:

- income from employment,
- directors' fees,
- certain life insurance products,
- pensions,
- ownership of and income from immovable property, and
- royalties (as included by DAC7 with effect from 1 January 2025).

DAC1 also provides for Exchange of Information on Request (“EOIR”). Under EOIR, foreign tax authorities can, where certain conditions are met, request information from Revenue where that information is foreseeably relevant to a tax liability in that foreign tax authority’s jurisdiction. In addition, DAC1 provides for Spontaneous Exchange of Information and other forms of administrative cooperation between Member States.

DAC1 was transposed domestically in December 2012 with effect from 1 January 2013 by way of [S.I. No. 549/2012](#).

[Tax and Duty Manual Part 35-01-01a](#) provides detailed guidance on the exchange of information provisions in Ireland and this guidance covers all AEOI, not just AEOI under DAC1.

1.2 DAC2

[DAC2](#) amended the DAC to provide for the automatic reporting by financial institutions of certain information in relation to financial accounts and investments held by non-resident account holders. This reported information is then automatically exchanged among Member States where the account holder is resident by 30 September each year.

DAC2 was transposed domestically by section 891G of the Taxes Consolidation Act 1997 (“TCA 1997”), [S.I. No. 619/2016](#) (amending [S.I. No. 549/2012](#)) and [S.I. No. 609/2015](#) (being Revenue regulations made under section 891G). The provisions apply with effect from 1 January 2016.

[Tax and Duty Manual Part 38-03-24](#) provides detailed guidance on the application of DAC2.

1.3 DAC3

[DAC3](#) amended the DAC to provide for the AEOI by 31 March and 30 September each year for advance cross-border rulings and advance pricing arrangements (“APA”) provided by tax administrations to companies and other entities.

DAC3 was transposed domestically by section 891GA TCA 1997 and [S.I. No. 619/2016](#) (amending [S.I. No. 549/2012](#)). The provisions apply from 1 January 2017.

[Tax and Duty Manual Part 35-00-01](#) provides detailed guidance on the Revenue arrangements for implementing the EOI requirements in respect of tax rulings.

1.4 DAC4

[DAC4](#) amended the DAC to introduce exchanges of country-by-country (“CbC”) reports. Multinational enterprises (“MNE”) in the EU are required to file CbC reports when their total consolidated revenue is equal to or higher than €750 million in the preceding fiscal year.

DAC4 was transposed domestically by section 891H TCA 1997, S.I. No. 619/2016 (amending S.I. No. 549/2012) and [S.I. No. 653/2016](#) (being Revenue regulations made under section 891H). The provisions apply for fiscal years beginning on or after 1 January 2016.

[Tax and Duty Manual Part 38-03-21](#) provides detailed guidance on CbC reporting.

1.5 DAC5

[DAC5](#) amended the DAC to introduce a legal obligation on Member States to grant tax administrations access to beneficial ownership information as collected under the anti-money-laundering framework for the purposes of ensuring compliance with the DAC in order to assist with the identification of tax fraud and evasion.

DAC5 was transposed domestically by way of –

- [S.I. No. 630/2017](#) (amended [S.I. No. 549 of 2012](#)) which came into effect on 1 January 2018;
- [S.I. No. 387/2021](#) which came into effect on 21 July 2021 and which provides access to beneficial ownership information to verify DAC2 compliance;
- section 817REA TCA 1997 which came into effect on 1 January 2022 and which provides access to beneficial ownership information to verify DAC6 compliance; and
- section 891I(20) TCA 1997 and [S.I. 704/2022](#) which came into effect on 1 January 2023 and which provides access to beneficial ownership information to verify DAC7 compliance.

1.6 DAC6

[DAC6](#) amended the DAC to introduce the mandatory disclosure of certain cross-border arrangements which are developed across various jurisdictions and may move taxable profits towards more beneficial tax regimes or have the effect of reducing the taxpayer's overall tax liability. These disclosures are then automatically exchanged among Member States where the parties to the transaction are resident.

DAC6 was transposed domestically by Chapter 3A, Part 33 TCA 1997. [S.I. No. 626 of 2019](#) amended [S.I. No. 549 of 2012](#) (DAC). The disclosure regime became effective in all Member States on 1 July 2020 however Ireland, along with many other Member States, exercised an option (see [section 1.7](#)) to defer the first disclosures to 2021.

[Tax and Duty Manual Part 33-03-03](#) provides detailed guidance on the mandatory disclosure of cross border arrangements.

1.7 DAC COVID related extensions

[Council Directive \(EU\) 2020/876](#) addressed an urgent need to defer, as a once off measure, certain time limits for the filing and exchanging of information under the DAC due to the COVID-19 pandemic.

[S.I. No. 240 of 2020](#) amended [S.I. No. 549 of 2012](#) and transposed these time deferrals in July 2020.

1.8 DAC7

[DAC7](#) made a number of amendments to the DAC to introduce:

- a) reporting obligations for platform operators with respect to certain sellers along with the automatic exchange of that information,
- b) an additional category of income (royalties) to be provided for in DAC1 exchanges,
- c) the concept of joint audits, and
- d) an expansion of the presence and participation of foreign tax officials in administrative enquiries.
- e) a definition of the term “foreseeable relevance” for the purpose of EOIR and new rules on exchange of information requests for groups of taxpayers who are not individually identified.

DAC7 as regards reporting by platform operators, was transposed domestically by section 891I TCA 1997 and [S.I. No. 705/2022](#) (being Revenue regulations made under section 891I). [S.I. No. 706/2022](#) amended [S.I. No. 549 of 2012](#). The first reporting by reporting platform operators was due on or before 31 January 2024 in relation to the 2023 calendar year, with the automatic exchange of that information due to take place on or before 29 February 2024.

[Tax and Duty Manual Part 38-03-31](#) provides detailed guidance on the reporting obligations of platform operators.

Section 891K TCA 1997 transposed domestically the expansion of the presence and participation of foreign tax officials in administrative enquiries. Section 891K applies with effect from 1 January 2023.

[Tax and Duty Manual Part 38-03-32](#) provides detailed guidance on the presence and participation of foreign tax officials in administrative enquiries.

Section 891L transposed domestically the concept of joint audits. It applies to periods commencing on or after 1 January 2024.

[S.I. No. 706/2022](#) and [S.I. No. 673/2023](#) transposed domestically the remainder of DAC7.