

## **Exchange of information relating to reportable cross border tax arrangements**

According to the DAC 6 EU Directive advisers are obliged to notify a competent tax agency regarding their client's cross border arrangements. The purpose of the EU Directive is to combat tax evasion, tax fraud and tax avoidance.

A cross border arrangement is subject to the reporting duty when at least one of several "hallmarks" indicating that there is a risk of tax avoidance are met. The relevant hallmarks are defined in law and have a broad scope of application. Given the broad scope of the reporting duty it should be noticed that an arrangement (for example a transaction) based on commercial reasons can become subject to the reporting duty.

The reporting duty relates to advisers who have participated in the transaction or arrangement and in such event irrespective of whether they provided tax law advice or not.

Lawyers who are members of the Swedish Bar Association are subject to a regulated duty of confidentiality. The Swedish legislation, relating to the reporting duty for advisors, includes in consequence herewith an exemption for lawyers' reporting obligation of cross border arrangements.

**With reference to the above, neither Cobolo Advokat AB nor its lawyers will report any arrangements to the Swedish Tax Agency unless expressly instructed by a client, who releases us from our duty of confidentiality, to do so.** If the client does not instruct us to report, then primarily other advisers (and ultimately the client) will be responsible for ensuring that the transaction is reported.

In cases where Cobolo Advokat AB does not report an arrangement to the Swedish Tax Agency, the relevant legislation states that we should inform the client's other advisers that they should report. However, with regard to our duty of confidentiality and in the view of the Swedish Bar Association, we cannot do so without breaching our duty of confidentiality. This means that neither Cobolo Advokat AB nor its lawyers will inform other advisors assigned by a client of their obligation to report.