Facts

• Poland has implemented the EU directive (DAC6) covering the reporting of tax schemes (Mandatory Disclosure Rules; MDR).
• The law introduced in Poland extends the scope of reportable transactions to include additional hallmarks, domestic transactions and other taxes, as well as groups of entities obliged to identify and provide tax authorities with information on tax arrangements. Reportable is not only aggressive tax planning, but also solutions used in ongoing business operations which are not driven by the intention to secure a tax benefit.
• Any natural person, legal person or organizational unit without legal personality that meets the definition of a promoter, assistant or beneficiary, regardless of the place of their registered office or residence (including from outside the EU), may be affected by the MDR duties.

Risks and threats

• Fiscal penal liability for failure to report or untimely submission of information - high penalties of as much as PLN 26,880,000.
• A fine, imposed by way of a decision, of up to PLN 2,000,000 if no internal MDR procedure has been implemented (applicable for promoters with revenues/costs of PLN 8,000,000).

How can we help you?

MDR OFFICER:

• Within our MDR Officer service offer, a dedicated EY employee with appropriate MDR experience is assigned to provide the Company with ongoing MDR assistance and support.
• Before commencing cooperation with the Company, the MDR Officer reviews the Company’s MDR procedures (if any) and conducts an interview with the Company’s representatives in line with an agreed agenda (discussion of the Company’s prior MDR reports and actions carried out to fulfill MDR duties) in order to make a general assessment of the Company’s most urgent needs and the degree of its preparation to ensure compliance (this time is not included in the number of hours available under the options set out below).
• As part of our ongoing cooperation, the range of services also includes:
  • Regular teleconferences on MDR duties. As part of our ongoing support, we organize regular teleconferences, during which you have the opportunity to consult us on MDR law in the context of your Company’s transactions or events.
  • Consultations on current MDR issues reported by your Company (conclusions to be sent in the form of a summary in electronic correspondence).
  • Any unclaimed hours provided for in Option 2 or Option 3 may be used for the implementation of one of the optional modules.
• Financial penalty for the lack of an MDR procedure and failure to comply with the reporting duty of up to PLN 10,000,000.
• Personal liability of Board members, which also includes the risk of prohibiting a member from conducting a specific business activity, pursuing a specific profession or holding a specific position (including a member of the management board or a supervisory board member).
**How can we help you?**

**Standard service options:**

- **Option 1. Light version:** regular teleconferences - once / quarter, consultations on current MDR issues - up to 9h / quarter,
- **Option 2. Optimum version:** regular teleconferences - 3 times / quarter, consultations on current MDR issues - up to 18h / quarter,
- **Option 3. VIP version:** regular teleconferences - 3 times / quarter, consultations on current MDR issues - up to 45h / quarter.

**Additional modules:**

- **Staff training**
  - We conduct substance training, case studies, and technical training on MDR. Optionally, we may prepare and conduct training in accordance with the scope of your choice (e.g. within the scope of the Company's MDR procedure).

- **Technical MDR support**
  - This service is usually offered to customers who prefer more technical support and consultations on how to fill in specific boxes in MDR forms.

- **Development of an MDR procedure or concise instructions for business departments**
  - The obligation to implement an internal procedure (MDR) that meets the requirements of the Tax Code applies to entities that are (or may be) promoters. Regardless of the above statutory obligation, it is common practice on the market to implement an MDR procedure and simplified instructions for employees from business units (other than those linked directly with tax and finance) at all entities, regardless of their potential promoter status.

- **MDR certification**
  - • Audit of the MDR process: Analysis of MDR compliance in respect of the duties specified in the MDR law based on a diagnostic checklist for the MDR coordinator / organizational units and a workshop meeting.
  - • Analysis of reporting obligations: Analysis of the Company's transactions/ events occurring after the deadline as potential tax schemes (including source documents).
  - • Certification of the MDR process in terms of completeness and of reporting duties: a report summarizing the conclusions from the analysis or certification of MDR compliance.

**Benefits of working with EY**

- Enhanced personal safety of management board members from the perspective of penal and administrative liability for deficiencies or errors in MDR reporting.
- Fulfillment of MDR duties, which may also apply to transactions carried out as part of day-to-day business operations.
- Improved MDR knowledge on the part of the people responsible for the implementation of MDR reporting processes and analysis of MDR compliance.
- Ongoing monitoring of the impact of MDR law on the Company's situation.
- Assistance of an expert with up-to-date substantive and market knowledge and experience in the field of MDR.
- Proven MDR due diligence.
- Quick access to professional knowledge and prevailing MDR market practices.

**Why EY?**

A team of EY experts / practitioners has completed a number of comprehensive MDR projects and supports clients from various industries and with diverse business profiles to help them carry out their MDR duties on an ongoing basis. With their ongoing contact with industry organizations and consultations with the Ministry of Finance, EY professionals actively participate in shaping the practical application of MDR law in Poland.

**Timeframe and costs**

To be agreed individually depending on the size of the project.

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