

EFAA for SMEs – Position on EU Rules on Administrative Cooperation in the Field of Taxation - Recast.

10 February 2026

The European Federation of Accountants and Auditors for small and medium-sized enterprises (EFAA for SMEs) is an umbrella organisation for national accountants and auditors' organisations whose individual members provide professional services primarily to SMEs within the European Union and Europe as a whole. EFAA for SMEs has 15 members throughout Europe representing over 400,000 accountants, auditors and tax advisors.

EFAA for SMEs recognises the benefits of information exchange within the EU and supports the principles of the DAC. However, within the wider context of a desire for simplification of regulations for businesses and advisers throughout Europe, to allow them to focus on growing their businesses and creating wealth, EFAA supports measures that ease the compliance burden for businesses and advisors. Such measures particularly benefit resource- and time-constrained Small and Medium-sized Practices (SMPs), as they would enable them to allocate their resources, time and expertise to supporting SMEs in enhancing their competitiveness, in line with the European Commission's objectives, rather than to administrative obligations that do not generate added value.

EFAA is concerned about the number and volume of new directives that have been introduced since DAC1. The cumulative impact of successive DAC amendments has created significant administrative and compliance burdens, particularly for SMPs.

DAC6 can be an onerous reporting regime for SMPs. The Main Benefit Test and several hallmarks are excessively complex and difficult to apply in practice. Terms used in the directive are often broadly defined leading to uncertainty over whether reporting is necessary. In addition, divergent interpretations across Member States lead to legal uncertainty and defensive over-reporting under DAC6. Duplication of reporting may occur. For SMPs with limited in-house resources, such uncertainty has a proportionately greater negative impact than large firms. Some of our members have called for the complete removal of DAC6 reporting.

EFAA considers that **assigning the primary reporting obligation to the taxpayer could help avoid duplicate reporting in line with the once-only principle, increase efficiency and provide clearer responsibility for reporting without altering the core structure of the directive.**

On a related issue, SMP firms of auditors, accountants and tax advisers are placed at a significant disadvantage in terms of disclosure requirements compared to firms of lawyers, who can claim legal professional privilege, including reporting requirements under DAC6. Despite several legal cases on the issue, confirming that professional secrecy may extend beyond lawyers where national law recognises comparable roles, equivalent privileges have never been granted.

It is difficult to justify—and increasingly untenable—that accountants and tax advisers who provide advice that is substantively identical to that provided by lawyers are denied equivalent legal professional privilege. SMPs routinely handle information of the same sensitivity and legal relevance as that managed by legal professionals, while being subject to strict ethical and professional requirements, including the International Ethics Standards Board for Accountants Code of Ethics. This asymmetric treatment appears illogical and creates an unjustified distortion of competition, undermining both the position of SMPs and the trust placed in them. Such an approach risks

weakening, rather than strengthening, the effectiveness of the regulatory framework. EFAA calls for the full recognition of the professional accountant's role — including professional secrecy — and for a genuine level playing field with other professions. In this framework, the taxpayer should be responsible for DAC6 reporting obligations, ensuring fair, proportionate and consistent treatment across the EU.

While recent moves to simplify DAC slightly are welcome, the volume of material that accountants must read, and the ambiguous nature of some guidance, combined with the pace of change, is not conducive to the ability of SMEs to conduct their business, and professional advisers to assist accordingly. These factors disproportionately impact SMPs who are resource-constrained compared to larger firms.

EFAA also stresses that simplification measures should be meaningful and practical rather than purely technical, to ensure that SMPs can comply effectively while maintaining focus on supporting SMEs. In addition, clear guidance and practical examples alongside new directives are particularly important for SMPs. We urge policymakers to consider early the effect of new directives and guidance on SMPs rather than not considering them at all, or as an afterthought in the process.