Effects of DAC6 on Intermediaries’ Behavior - A Psychological Perspective

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Decisions Under Uncertainty

DAC6 → ? → Heuristics
Heuristics in General

- Heuristics are rules of thumb

- Why do we use them?
  - Not all information is available
  - Lack of time
  - Lack of motivation

- Benefits
  - Often help us to come to the right conclusion

- But they can lead us to systematically deviate from rational behaviour
Affect Heuristic

- Affect = The emotion that occurs in reaction to a thought or experience
- Decisions are influenced by expectations about an outcome
- Leads intermediaries to over-report in case of DAC6
  - Media coverage about DAC6 is affect rich --> outcome is valued as affect rich and negative --> choose the safe option
Anchoring Heuristic

- Anchor = reference point
- Media coverage sets high reference point regarding reporting obligations of potentially agressive tax planning in case of DAC6
  - Leads intermediaries to over-report
- Even experts are prone to using anchors
Take Home Messages

- Humans cannot always act rationally
  - They systematically deviate in their behaviour
- DAC6 can lead intermediaries to over-report cross-border arrangements
- Costs for intermediaries are high, what are their benefits?
  - Lack of benefits can induce backfiring effects (reduced communication -> contrary to goals of DAC6)