

legal memo

Madrid, 22 December 2020

DAC 7: EU Directive on Administrative Cooperation in the field of taxation (on its 7th amendment) for Digital Platforms

DAC 7 has been approved by the EU Member States, that shall adopt and publish by 31 December 2021 at the latest, the laws, regulations, and administrative provisions necessary to comply with this Directive

Reporting Platforms are defined as any software, including a website or a part thereof and applications, including mobile applications, accessible by users and allowing sellers to be connected to other users for the purpose of carrying out a targeted activity, directly or indirectly, to such users. The concept of a Platform does not include software exclusively allowing (i) the processing of payments, (ii) users to list or advertise a relevant activity or (ii) redirecting or transferring of users to Platform.

Once the Member States adopt the rules, Reporting Platforms will have to register in a Member State and apply those provisions from 1 January 2023, which are the following:

- (I)** Online or digital platforms will have to collect and verify the information in line with due diligence procedures. This is to say that online platforms will have to carry out due diligence procedures in order to identify reportable sellers and determine if the information given is reliable.
- (II)** Reporting Platforms will be required to send the information on the reportable sellers which use their platform on which they operate, to sell their goods, provide their services or invest and lend in the context of crowdfunding.
- (III)** Competent authorities will be obliged to communicate the reported information to the competent authority of the appropriate Member State.

DAC 7 will ensure that Member States automatically exchange information on the revenues generated by sellers in digital platforms (royalties), whether the platform is located in the EU or not. The goal pursued by the Directive is to obtain information in order to assist tax authorities of the Member States to identify situations where tax should be paid, reducing the administrative burden on platforms by standardizing the reporting requirements. It is stated the possibility of conducting joint audits between two or more Member States. Finally, it is expected that the Directive will be formally adopted in the first trimester of 2021. The Commission published a roadmap to extend the scope of the Directive to include crypto-assets and e-money (DAC 8).

Tax Area ECIJA
+ 34 917 81 61 60
info@ecija.com