



Meijburg & Co
Tax & Legal

DAC7

EU reporting requirements for digital platform operators

December 2022



EU reporting requirements for digital platform operators

As from 1 January 2023, the publication of Council Directive (EU) 2021/514 of 22 March 2021 ('DAC7') changes existing provisions on exchange of information and administrative cooperation.

DAC7 introduces due diligence and reporting requirements for both EU and non-EU platform operators, further to which certain factual and financial information of its users is required to be shared with the tax authorities in Europe.

It also extends the scope to the automatic exchange of information with respect to information to be reported by the digital platform operators.

The reporting of income earned through the use of digital platforms in performing commercial activities should provide tax authorities with comprehensive data to correctly assess Direct Tax and Indirect Tax due across the EU Member States. DAC7 must be implemented by all EU member states by 31 December 2022. On 31 January 2024 digital platforms must report for the first time for the year 2023.

1

What is at stake?

Reason for introducing due diligence and reporting requirements

The digital nature of platforms allows sellers of goods and services to make use of such digital platforms for carrying out their activity, while potentially not reporting turnover and income generated across the EU Member States. Tax authorities can now insufficiently establish, monitor and collect the correct amount of Direct Tax and Indirect Tax due in their EU Member State. As a consequence, the Member States suffer from unreported turnover and income, and accordingly loss of tax revenues. Such a situation also gives rise to conditions of unfair tax competition against individuals or businesses that do not carry out their activities via digital platforms, which distorts the operation of the EU internal market.

2

Who is impacted?

For whom is this relevant?

The new due diligence and reporting requirements apply to both EU and non-EU digital platform operators and sellers on those platforms.

Digital platform operators should report the income generated by sellers on their platforms with relevant activities including the rental of immovable property, the provision of personal services, the sale of goods and the rental of any mode of transport.

3

How to prepare?

What do I have to do now?

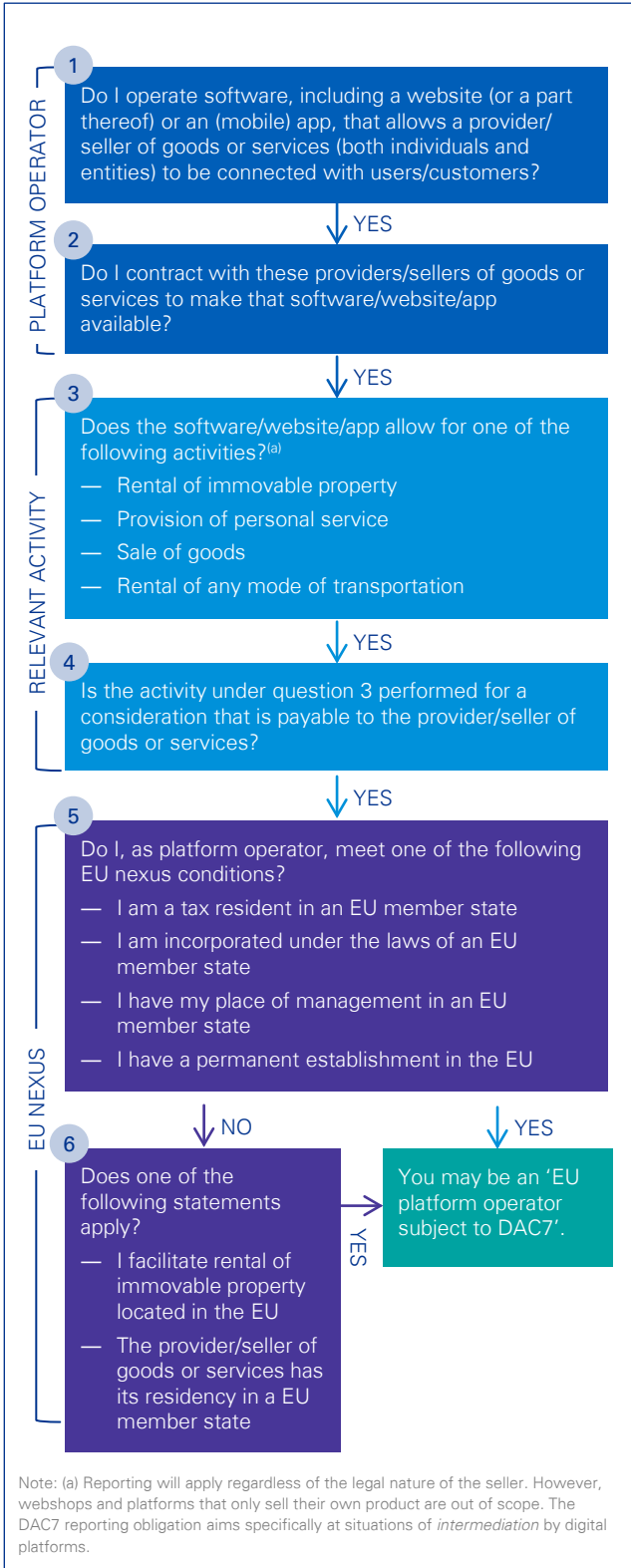
If you have established whether you are a digital platform operator which is covered by these new rules, you will have to assess how the reporting obligation under DAC7 will impact your organization. You can then subsequently look into how you should implement the reporting obligation across your organization.

Important aspects to consider are for example addressing the legal and commercial impact of the new rules, including seller due diligence and verification of the information received from the seller; systems and processes; tax authority procedures; documentation and controls.

Non-compliance with the DAC7 rules can result in significant penalties and may have a significant adverse impact on your business.

High level DAC7 assessment

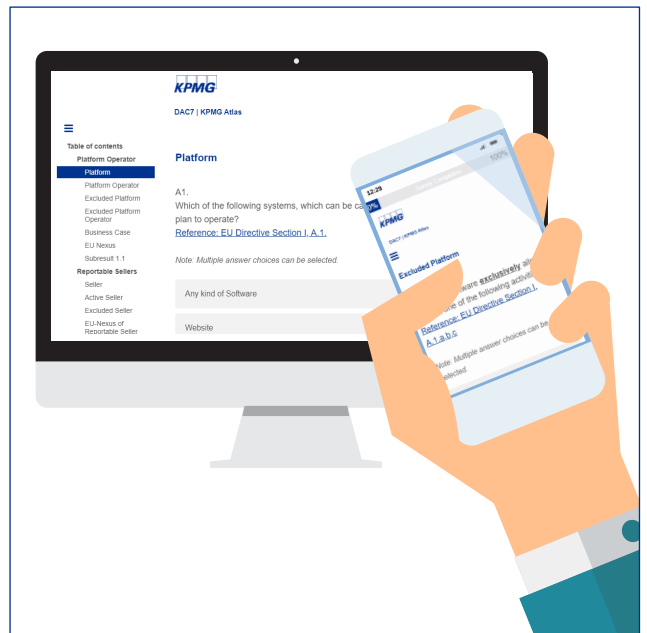
Please find below our 'quick reference card' for an initial and preliminary (high-level) DAC7 assessment. The DAC7 rules are complex, whereby various specifics and exceptions apply, which we are happy to further address in a DAC7 assessment session together with you.



How can KPMG help?

Although DAC7 still needs to be implemented in local legislation in all EU Member States, we expect it will go live on 1 January 2023. As we have also seen with other EU Directives it is likely that implementation differences will exist between the EU Member States, which may further complicate compliance with the DAC7 rules within the EU.






We developed an online assessment to perform an initial and preliminary assessment of whether your business model or organization may be impacted by DAC7 – you can access this by clicking on the '[Atlas Assessment](#)'.



Once confirmed that you are impacted by DAC7, we can support with identifying what information needs to be provided and how this can be gathered from your systems or through your customers. Collecting the right data for reporting purposes (including a proper verification and documentation thereof) is one of the biggest challenges to become DAC7 compliant.

We can support you with a detailed data requirements assessment to identify where the required data is sitting and/or potentially still missing within your organization. Based on the outcomes of this assessment we can support to select and implement fit-for purpose (automated) data extraction and transmission solutions to extract the required information, leveraging existing data management platforms and solutions deployed for other purposes. We can also support with developing a common reporting framework, underpinned with technology solutions to streamline the several data processing steps.

DAC7 discussion framework for implementation

				
Last-mile reporting Report to stakeholders, standardization and tooling (use of APIs)	Stakeholder management Identify stakeholders and involve in DAC7 process & timeline	Procedures and governance Process mapping and identify regulatory requirements	Data platform Technology platform selection to store, retrieve and submit data	Data discovery Data mapping, define data requirements and assess how to obtain, validate and classify data

Contacts

Lennert Janssen
Senior Tax Manager
KPMG in the Netherlands
+31 6 117 43 716
Janssen.lennert@kpmg.com

Lieke Mutsaers
Senior Tax Manager
KPMG in the Netherlands
+31 6 110 98 936
mutsaers.lieke@kpmg.com

Alexander Zegers
Director Tax Technology & Transformation
KPMG in the Netherlands
+31 6 460 01 890
zegers.alexander@kpmg.com

EU DAC7 Network

Robert van der Jagt
Chairman, KPMG's EU Tax Centre
KPMG in the Netherlands
+31 8890 91356
vanderjagt.robert@kpmg.com



Meijburg & Co
Tax & Legal

All activities performed and all services rendered by Meijburg & Co are subject to its general terms and conditions filed with the Dutch Chamber of Commerce.

Meijburg & Co is a partnership of limited liability companies under Dutch law, registered in the Commercial Register under number 53753348 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. The general terms and conditions are available on the Meijburg & Co website (<http://www.meijburg.com/termsandconditions>) and will be supplied upon request.