

After DAC 6 now comes DAC 7

What and when?

New reporting requirements for platform operators operating within the EU.

What is DAC 7?

- A European directive which imposes on market actors extensive reporting and due diligence obligations towards the financial tax authorities.
- Objective: Elimination of alleged tax loopholes! Platform operators are to disclose information to the tax authorities about transactions of their platform users so that the tax authorities can, if necessary, subject these transactions to taxation.

When does it become serious? Now!

- The directive has already been transposed into national law last year (2022): The implementation law (Platforms Tax Transparency Act (Plattformen-Steuertransparenzgesetz) – PStTG) was announced on December 28, 2022, and came into force on January 1, 2023.
- The first deadline for „tax-relevant reports“ for the year 2023 is January 31, 2024. The information, however, must already be documented now!

For whom is DAC 7 relevant?

Providers of digital platforms (so-called platform operators)

- Simplified: A platform operator is anyone who provides an (app- or web-based) software via which third parties can sell goods and services.
- Third parties can be private individuals or companies.
- The platform is operated within the EU.
- The platform operator allows its users to carry out so-called “relevant activities” against remuneration.
- The platform operator knows the remuneration modalities between the provider of the relevant activity and the buyer (customer).

What are “relevant activities”?

- Leasing of immovable assets (e.g., office space, parking spaces, etc.),
- Provision of personal services (e.g., transportation, delivery service, tutoring/coaching, etc.),
- Sale of goods (used or new),
- Renting of all types of transportation.

What does remuneration mean?

- Remuneration is any form of consideration paid or credited to a seller/service provider by the customer, less any fees retained or charged by the platform operator.
- The platform operator is aware, or should have been aware, of the amount of the remuneration.

What are the obligations?

Due diligence and reporting obligations of the platform operator:

- Identify users/sellers,
- Document transactions, in particular remuneration received,
- Annual reporting of the data to the relevant tax authorities,
- Annual notification to users/sellers of the information provided to the tax authorities,
- Various recording and retention periods.

What are the sanctions?

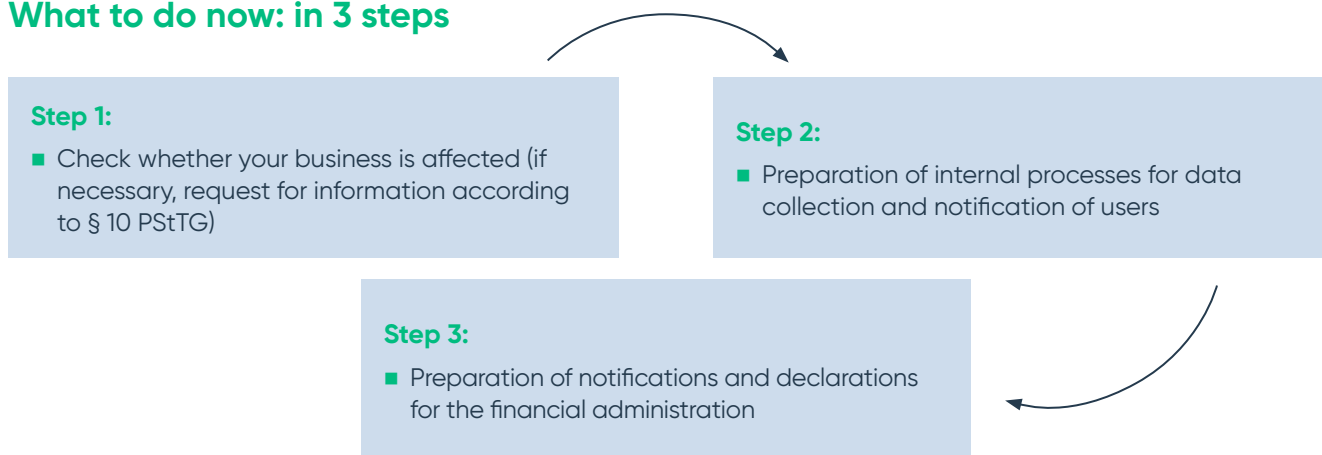
- Violations of the due diligence and reporting requirements qualify as administrative offenses. These can each be punished with a fine of up to EUR 50,000.
- It is also possible to suspend the operation of the platform.

Which platforms are affected?

For legal reasons, we are not allowed to name which platforms could be affected by DAC 7. Basically, these are platforms on which (in some cases in addition to the platform operator) other companies and/or private individuals also offer their goods or services. This includes, for example, platforms ...

- On which (also used) items are traded in a bidding process or via buy-it-now;
- On which goods are purchased in almost limitless variety and, if necessary, paid for with the company's own credit card;
- On which (mainly used) fashion and accessories are traded for a consideration;
- Where (private) accommodation is provided for temporary use in return for payment.

What to do now: in 3 steps



Do you have any questions? We will be happy to help you!

We will be happy to assist you in determining whether your company falls within the scope of DAC 7 and, in particular, in preparing an application to the Federal Central Tax Office for the issuance of a (binding) statement according to § 10 PStTG, in order to obtain certainty as to whether you qualify as a platform operator and to comply with the aforementioned due diligence and reporting obligations.

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